

FINANCIAL TIMES

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PRAGUE SPRING

Time takes toll of Czech emotions

Page 18

World News

Republicans apprehensive about choice of Quayle

The decision by US Vice-President George Bush to pick Dan Quayle as his running-mate in November's presidential election stunned Republicans and fuelled apprehension about the party's electoral prospects. Page 18

Burma still tense

Renewed anti-government protests were reported in Burma, where diplomats put the death toll in last week's riots - officially 85 - at 3,000 in Rangoon alone. Page 4

More Polish strikes

About 400 coal miners at Poland's Morcinek colliery went on strike and port workers at Szczecin joined the widening protest in support of the banned Solidarity trade union. Page 2

Iran-US thaw

A Tehran newspaper closely linked to Ayatollah Khomeini, Iran's spiritual leader, called for the restoration of ties with the US. Page 18

Fishing case for ICJ

Denmark referred an eight-year-old dispute with Norway, over fishing rights around the north Atlantic island of Jan Mayen, to the International Court of Justice at The Hague. Page 2

Singapore election

Singapore's parliament was dissolved and elections called for September 3, over a year ahead of schedule. Page 4

Lebanon in crisis

Hardline Christians threatened to secede from Lebanon if a scheduled parliamentary session elected Syrian-backed Suleiman Franjeh to succeed President Amin Gemayel. Election delay likely. Page 4

Hayden confirmed

Bill Hayden, once seen as an ardent anti-royalist, stepped down as Australian Foreign Minister to become Queen Elizabeth's representative in Canberra. Page 4

Locust threat plea

The Sahelian state of Niger appealed for more international aid to fight locusts and other pests infesting 30,000 square km of its territory.

Palestinians strike

Arabs in East Jerusalem and the Israeli-occupied West Bank went on strike to mark "Jerusalem Day," in protest against Israel's annexation of East Jerusalem after the 1967 Middle East War. In the Gaza Strip a round-the-clock curfew went into its fourth day.

Purge victims found

More than 500 graves of people shot at the height of Stalin's purges have been found in a forest in Byelorussia, the weekly Moscow News reported.

Italian crime wave

Antonio Cava, Italy's Interior Minister, held critics in Cagliari, the Sardinian capital, on how to respond to a wave of serious crime. Page 2

Mandela 'not in peril'

Atle de Kock, the doctor treating Nelson Mandela's lung ailment, said there was "no need for concern" over the 70-year-old African National Congress leader's health. His condition was, he said, "well under control". Both in a gaudy, Page 4

Business Summary

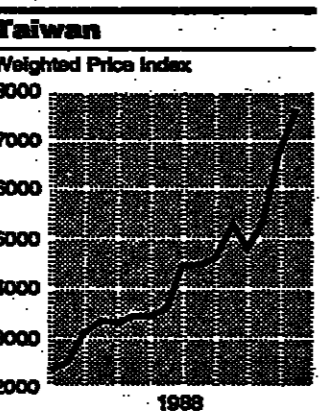
Central bank action fails to brake dollar's surge

THE DOLLAR jumped sharply on foreign exchange yesterday, shuffling off both central bank intervention and Tuesday's US trade figures. Selling by the Bundesbank and Federal Reserve failed to stop the US currency rising more than four pence against the DM. Mark in London. Against sterling it ended nearly 3 cents higher. Page 18, Markets Page 40

BASF, West German chemicals giant, said that group pre-tax profits rose by 15.2 per cent from DM1.44bn (£70m) to DM1.71bn in the first half. Group sales were up 6 per cent from DM20bn to DM21.6bn and exports climbed 14 per cent to DM6.8bn. Page 28

HEWLETT-PACKARD, US computer and scientific instruments maker, reported a 50 per cent advance in third quarter earnings to \$192m, or 80 cents per share, from \$145m or 57 cents in the same period of 1987. Page 26

TAIWAN'S stock market was boosted by gains in Tokyo and on Wall Street and the



weighted index climbed 299.24 to a record 7,043.55. Page 40

BRITISH ECONOMIC growth is likely to slow to an annual rate of about 2 per cent next year, according to the latest Treasury comparison of forecasts in the City of London. Page 7

STATOIL, Norway's troubled state oil company, saw pre-tax earnings almost halved in the first half of 1988 to Nkr2.5bn (\$40.9m) from Nkr4.5bn in the same period last year due to lower oil prices and a lower dollar exchange rate. Page 21

SOUTH KOREAN companies, hit by appreciation of the currency, higher wages and an increase in raw material prices, have experienced a reduction in the rate of income and sales growth in first-half results. Page 22

BERGEN BANK, one of Norway's largest banks, plans a one-for-five rights issue to raise its share capital by Nkr902.7m to Nkr1.75bn (\$266m) in line with new legal requirements for a higher capital ratio to assets. Page 21

TOYS 'R' US, world's largest toy retailer, reported a rise in second quarter net earnings to \$23.1m, or 18 cents per share, up from \$16.8m or 13 cents in the year-ago quarter on sales \$170.2m ahead at \$685.3m. Page 29

ISS, Danish international cleaning and security systems group, increased group pre-tax profits in the first half from Dkr68.5m to Dkr87.8m (\$12.3m) on turnover up by 15 per cent to Dkr3.22bn. Page 21

IBERIA, Spanish national carrier, is considering the purchase of a 49 per cent stake in Pluma, the Uruguayan state airlines - soon after the proposed tie-up between Scandinavian Airline System and Aerolineas Argentinas. Page 21

35 DEAD INCLUDE US AMBASSADOR SENATE SPEAKER IS ACTING PRESIDENT

Zia killed in aircraft explosion

By Christina Lamb in Islamabad

THE POLITICAL future of Pakistan was thrown into confusion yesterday following the death of the country's President General Mohamed Zia ul-Haq in an unexplained air crash.

The 64-year-old President was killed along with 34 others when their C-130 Hercules military aircraft exploded shortly after take-off in central Pakistan near Multan.

The dead included Mr Arnold Raphael, US ambassador in Pakistan, and two senior Pakistani military officers - Gen Akhtar Abdul Rahman, chairman of the joint chiefs of staff and Lt-Gen Mohammed Alzard, chief of general staff.

According to an official announcement, the group had just taken off to observe military manoeuvres being staged by the Pakistani army near the Indian border. There were no survivors.

The cause of the crash was not revealed. It was not known how much credence to give to local newspapers who cited eyewitnesses as seeing a missile being fired at the aircraft.

Three days of national mourning was declared immediately and an inquiry ordered into the incident. Mr Ghulam Ishaq Khan, the Senate chairman, took over as acting president. He was expected to address the nation late last night after an emergency Cabinet meeting.

A major factor in the future of Pakistan will be the reaction of the army. Pakistan has been under military rule for more than half its lifetime and the army was Gen Zia's most powerful constituency, the President having retained his position as chief of army staff.

His second in command, General Aslam Beg, will now



take over that post. Recently, there has been tension in the armed forces, particularly among the lower ranks, who felt that the army was coming into disrepute.

In Rawalpindi in May, an army officer was beaten up by angry crowds in an incident believed to have helped provoke Gen Zia's decision to dismiss the Government.

Although the future for Pakistan looks uncertain, a return to military rule is unlikely to be tolerated by the public or welcomed by the military. By declaring Mr Ishaq

Khan President, the army has shown its intention to follow the 1973 Constitution.

Significantly, military police, not the armed forces, have taken over the capital. In some areas, the news of Gen Zia's death was greeted with jubilation that the days of one-man rule in Pakistan are finally over.

Opposition politicians were yesterday assessing the impact of Gen Zia's death on plans for the elections in November.

His death appeared to clear the way for a major bid for power by Ms Benazir Bhutto who has become the effective leader of the opposition.

President Zia, who dismissed the Government in May, had recently announced elections to be held on November 16 on a non-party basis. The election campaign for the opposition, who have been pressing for party polls, is expected to gain momentum.

Earlier yesterday, the major opposition party, the Pakistan Peoples Party (PPP), filed a petition to the Supreme Court demanding party-based elections.

Mr Ishaq Khan, as acting president, is unlikely to resist pressure for party-based elections. Not a military man, he cannot rely on the backing of the army, and, unlike Gen Zia, cannot claim to be in power to bring in an Islamic system.

Although the late President's talk of Islamisation was criticised even by religious parties as a political ploy, he was widely respected as a pious man. Moreover, the three caretaker chief ministers who, using Government patronage, were expected to ensure a defeat for the PPP in the elections, have now lost their backing, being closely associated with Gen Zia.

One of the main thrusts of Gen Zia's policy was his support of the Afghan rebels. Resistance leaders fear they will not receive the same backing from any future leader, several of whom have threatened that they would like to see the 3m refugees leave Pakistani territory.

There is unlikely to be any change in Afghan policy in the run-up to the elections, with the caretaker cabinet sharing Gen Zia's views, although the Geneva Accord on Afghanistan may now be more strictly adhered to.

Gen Zia's death may also be a big setback for US policy in the region. Recent public meetings of the opposition alliance, the Movement for Restoration of Democracy, have condemned American interference, demanding an end to imperialism in Pakistan.

However, political observers believe that, although this is a popular slogan, Pakistan's relations with America will not change drastically because of the large amounts of American aid on which the economy depends.

On Other Pages

THE death of General Zia of Pakistan, left, yesterday, has thrown the country into a degree of political uncertainty and potential turmoil which has not been seen for more than a decade.

General Zia dominated Pakistan politics since 1977 - first as military ruler and then as President - and his death comes at a sensitive time. Page 16

General Zia's death finds his opponents stronger than they have been at any time since he took power 11 years ago, although that opposition is itself divided and mistrustful. Page 14

Lack of vision flawed the Zia years, Obituary, Page 3; US ambassador with a love of Pakistan, Page 3

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Reaction reflects shock and apprehension

By Our Foreign Staff

GENERAL Zia ul-Haq's friends and foes around the world were temporarily united yesterday by their shared shock over his death and acknowledgement of the dangerous uncertainties it creates.

Among the main concerns were the impact his death could have on the settlement in Afghanistan, on relations with the US, Pakistan's main supporter, and India, with whose government ties have traditionally been strained. There were also anxieties about a possible power vacuum in Pakistan itself.

Among the first to react was Mr George Bush, the US Vice President, who described the

death of the general as "a great tragedy". Speaking at a press conference called to discuss his impending nomination for President by the Republican Party, Mr Bush said: "Pakistan and the United States had a very special relationship".

Pakistan has been Washington's key ally in the region and the main conduit of US support for the Afghan Mujahideen fighting against the Soviet-backed Afghan Government.

Mrs Jeane Kirkpatrick, the former American ambassador to the UN, said that General Zia's death raised "a question about whether Pakistan can

continue to so strongly support the Mujahideen, because that involves some risks for Pakistan."

There was now also a question as to "whether Pakistan can resist the extremes of Islamic fundamentalism which some people would have in mind for Pakistan."

President Zia's death was seen in Delhi last night as inevitably plunging Indo-Pakistan relations into a new period of uncertainty.

It has coincided with a noticeable toughening in India's attitude to President Zia's regime over what India considers Pakistan support for Sikh terrorism in the Punjab.

Mr Rajiv Gandhi, the Indian Prime Minister, last night expressed his deep shock and distress at President Zia's death adding that he hoped that Pakistan "will face this crisis with fortitude and calm". The cabinet is to hold an emergency meeting today.

India claims that Pakistan provides a safe haven for the terrorists and training. President Zia has long denied the Indian charges - which are also considered exaggerated by most diplomats. But in an election year in India in which the Government was preparing to use charges of foreign interference to buttress its domestic position, relations

were already tense before yesterday's events.

Although there will be no gloating in Delhi over the manner of President Zia's death - the murder of Mrs Gandhi in 1984 is too fresh in peoples' minds - he has never been popular in India. The immediate fear is that one military ruler could be followed by another, precipitating further instability in Pakistan that would have its impact in India.

The hope is that the growing opposition to President Zia in Pakistan will make further military rule impossible and thus pave the way for a civilian government.

Standard Chartered caught in international tug of funds

By Roderick Oram in New York and David Lascelles in London

STANDARD Chartered Bank of the UK has been caught in a tussle between courts in New York and Hong Kong over \$12.4m deposited with it by Mr Fred Lee, a Taiwanese businessman charged in the US with insider trading.

Adding by an order won by the US Securities and Exchange Commission, the bank handed over the money this week to a New York court. Sir Peter Graham, the chairman, said last night that it did so under duress because of the threat of contempt of court proceedings.

"We plan to appeal," he said, "on the grounds that they have no jurisdiction over funds held in Hong Kong." He said the decision to pay the money in had been made after consulting legal advisers, the Bank of England and the Foreign Office.

Standard Chartered is in double jeopardy because a Hong Kong court will hear in

October a demand from Mr Lee that the bank returns his money. On legal advice, Standard Chartered has refused to pay it out to him.

Mr Lee, a 38-year-old with close ties to Taiwan's ruling circles, was charged in late June with illegally earning over \$19m by trading on inside information. He allegedly paid \$200,000 to Mr Stephen Wang, a Morgan Stanley analyst with a junior merger in New York for information on at least 25 takeovers in the nine months up to this April.

Mr Lee, refusing to return to the US to answer the charges, attempted to transfer his money out of US accounts. The SEC, which is seeking a total \$76m including triple damages from Mr Lee, won a court ruling last week to freeze his assets in the US.

Standard Chartered's problems stem from a dispute over where the money was when the ruling was granted on

August 11. It and Mr Lee say the funds had been transferred to Hong Kong 24 hours before. The SEC believes it was still in New York.

The SEC says extra-territoriality is not an issue. It says the money was clearly "the fruits of fraud" was on deposit at a New York bank branch which the US regulates, and the New York court has clear jurisdiction over Mr Lee for crimes allegedly committed in the US.

It cites as precedent a case last year involving Mr Nikolay Vaskovitch, a former Merrill Lynch specialist in London. Convicted of insider trading, he sought unsuccessfully to block a US court order which seized bonds Merrill Lynch was holding for him.

The SEC is showing particular zeal with the case, which is potentially the largest insider trading affair since the Ivan Boesky case two years ago. Standard Chartered results, Page 19

Republicans stunned by Bush's choice of running mate

By Our Foreign Staff

Mr George Bush's decision to select the unknown Senator Dan Quayle of Indiana as his running-mate for the presidential election in November has fuelled apprehension about the Republican party's electoral prospects. Page 18

Technology UK telecommunications companies agree new mobile phone standard

By Our Foreign Staff

Managements of Nordic governments may lose control over their home TV screens. Page 14

ANZ Worldwide

Table listing ANZ Worldwide services and branches across various countries including Australia, New Zealand, and others.

MARKETS

Table showing market data for various currencies and commodities, including Sterling, Dollar, and Gold prices.

Advertisement for ANZ (Australia and New Zealand) Banking Group Limited, featuring text in multiple languages and contact information.

EUROPEAN NEWS

INTERNATIONAL PEACE RESEARCH INSTITUTE ANNUAL REPORT

Little sign of serious cuts in arms spending

By Robert Taylor in Stockholm

THE WORLD is not yet heading in a non-nuclear direction and the present international security outlook remains uncertain, according to the annual year book published yesterday by the Stockholm-based International Peace Research Institute (Sipri).

Mr Stittke also expressed concern that since the signing of the SALT 1 agreement in 1972 there had been no follow-up agreement ratified that would seriously reduce the strategic nuclear inventory of the superpowers.

Confidence-building was to become the central prerequisite for arms reductions, the public domain needed to know the facts and figures on which to build confidence and ultimately to accept major reductions, Mr Stittke argued.

Cost of Iran-Iraq war tops historic earnings from oil

THE eight-year Iran-Iraq war has cost as much as \$400bn, the total historical value of their entire petroleum export earnings, according to estimates published yesterday by Sipri, writes Robert Taylor.

The institute reckons that Iran's war effort cost between 5 and 6.1 per cent of its gross domestic product, with a total military expenditure of from \$74.4bn to \$91.4bn at current prices.

based on 1985 constant dollars. It believes that \$27bn-worth of major weapons were delivered to Iraq and Iran during the war: three-quarters of Iraq's coming from the Soviet Union and France, and half from China.

Soviets remain world's biggest arms supplier

By Robert Taylor in Stockholm

THE Soviet Union remains the world's leading arms supplier to the Third World and there is evidence that Soviet arms trade strategy has been systematically reevaluated since Mr Mikhail Gorbachev, the Soviet leader, came to power, according to the Stockholm-based International Peace Research Institute (Sipri).

Union. Nor have the Soviets been any more forthcoming with information about their arms exports. Very little is known about internal debates within the Soviet Union on specific arms transfers since the Khrushchev era.

Danes take Jan Mayen dispute to court

By Hilary Barnes in Copenhagen

THE DANISH Government has decided to take a dispute with Norway over the maritime economic zone around the North Atlantic island of Jan Mayen to the International Court at The Hague.

17 killed in Russian train crash

SEVENTEEN people, including children, were killed and 167 injured when a Moscow-bound train was derailed and engulfed by fire on Tuesday evening, the Soviet media said yesterday, Reuter reports from Moscow.

Soviet Union looks for a better class of detective as tide of crime increases

By John Lloyd in Moscow

THE PRINCIPLE of concentrating a mass of increasing efficiency has its limits, even under perestroika. In the case of detective work, centralisation is better.

Philips and Albania in barter deal

THE DUTCH electronics giant Philips has concluded a complex barter agreement with Albania for two-way trade worth about £1.5m (280,000) a year, the company said yesterday, Reuter reports from Amsterdam.

Yugoslavs hope to get inflation down to 95%

YUGOSLAV President Rade Dinkovic has complained that the country's runaway inflation remains unchecked while economic output continues to stagnate, the official Tanjug news agency said yesterday, AP reports from Belgrade.

Minister in crisis talks on Italian kidnappings

By John Wyles in Rome

CAUGHT IN the midst of a mid-summer explosion of serious crime, the Italian Government yesterday held crisis talks in Cagliari, the Sardinian capital, on how to respond to a new wave of kidnappings.

Soviet general accuses UK over treaty

A SOVIET military official yesterday accused the UK of breaking a superpower arms control treaty, PA reports from London.

Shots fired in credit card war

By John Lloyd in Moscow

THE MOSCOW credit card war still rumbles on, as two Soviet state agencies exchange veiled sarcasms about their ability to convert the citizenry to plastic roubles.

Afghan pledge on democracy

AFGHANISTAN'S Foreign Minister, Abdul Wakil, has said his government would try to establish a multi-party democracy to bring peace to the country, according to a Finnish Foreign Ministry spokesman, Reuter reports from Helsinki.

Fears grow in eastern Europe over scale of alcohol abuse

THE HEALTH authorities in eastern Europe are seeking to combat an alarming rise in alcohol consumption and in several countries growing drug abuse.

Inflation rate leaps by 0.8% in Portugal

By Diana Smith in Lisbon

PORTUGAL'S monthly inflation rate rose by 0.8 per cent in July to a year-on-year total of 9 per cent, scarcely below last December's total of 9.4 per cent.

Hungarians debate capital instrument

THE HUNGARIAN parliament yesterday began debating whether to launch a new financial instrument to draw more investment into the country's capital markets, the official MTI news agency said, Reuter reports from Budapest.

Polish coal strike spreads to newest pit

FOUR HUNDRED coal miners at Poland's newest pit went on strike yesterday and port workers joined the widening protest in support of about 3,000 miners occupying a pit to demand national recognition of the banned Solidarity trade union, strikers said, Reuter reports from Katowice.

Romania turns down UN plea

ROMANIA has refused to let a United Nations panel send two envoys to contact a Romanian professor who failed to turn up in Geneva to deliver a human rights report, a senior UN official said yesterday, Reuter reports from Geneva.

Air peace offer

A SENIOR tourist official offered yesterday to mediate between the government and Barcelona air traffic controllers to head off strikes planned for later this month that would cause chaos for holidaymakers, Reuter reports from Madrid.

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Quayle fails to add stature to Bush ticket

By Stewart Fleming and Lionel Barber in New Orleans

"HE IS a little like Robert Redford," said Senator Rudy Boschwitz of Minnesota about the Vice-President's surprise selection yesterday of little-known 41-year-old Senator Dan Quayle of Indiana as his running mate.

Senator Boschwitz said Senator Quayle was "very acceptable" to the conservative wing of the Republican party which has always been ambivalent about Mr Bush, the East Coast establishment Yankee.

The rationale behind the Bush campaign's choice is that Senator Quayle is a member of the younger generation of conservative Republicans who first joined the party in response to Ronald Reagan's free-market, individualistic appeal. "He is a man of the future," said Mr Bush.

Senator Quayle is articulate, particularly good on television and, according to the Vice-President's own pollster, a politician who has consistently done well among groups such as minorities, union households and women who have yet to become captive spirits of the

Republican party. He may in this respect be the ultimate poster child.

He may help among women voters, though Mr Bush's campaign manager, Mr James Baker, was quick to distance himself from suggestions that good looks alone would suffice.

The Vice-President is suffering from the "gender gap", in comparison with his Democratic rival Governor Michael Dukakis of Massachusetts, Mr Bush is running up to 20 points behind among women.

Part of this weakness is due to Mr Bush's woolly image, but it also reflects scepticism among women who believe the Reagan Administration has tended to spend more money on weapons than on the needs of the modern working woman.

Yet Senator Quayle may be a mixed blessing in this respect. He is a hardline conservative who is against abortion and has been trying to make a name for himself on defence issues. He, along with Senator Jesse Helms of North Carolina, led the conservative fight against ratification of the

superpower treaty banning intermediate nuclear missiles. However, he retained a flexible position throughout and to the irritation of some right wingers, focused more on improving the treaty with amendments than torpedoing it.

There were questions too, yesterday about how much Mr Quayle can help Mr Bush regionally. He should help the Vice-President solidify his base in the south, the breeding ground for patriotic young entrepreneurial New Republicans. But the Vice-President is already strong there. As for the Mid-West, Senator Quayle is by no means as strong a runner as Senator Robert Dole of Kansas might have been; as for Indiana, Mr Bush must know that it is a small state which has gone Republican consistently since the Second World War, and it carries a mere 12 votes in the electoral college.

The downside of Senator Quayle is that he has a minimum track record in both the House and Senate. Some legislators dismissed him as a blow-dried blond and a light-

weight when he entered the House of Representatives in 1976, though his work on arms control and other defence issues helped solidify his reputation in the Senate.

The comment about Robert Redford may be double-edged. Some Republicans in New Orleans recall that one of Mr Redford's most memorable roles was in 'The Candidate', a film about a handsome media-packaged politician whose first words after winning the election were: "OK, what do we do now?"

There is, too, one small shadow hanging over Senator Quayle. He is reported to have made a golf trip in 1980 with two other members of Congress and a woman Washington lobbyist who later posed in Playboy. Senator Quayle said there was no factual basis for the story, but the press is certain to pursue the matter.

Senator Quayle is married with three children and it was noticeable yesterday that Mr Bush played up the family theme.

His wife, Marilyn, graduated

with him from Indiana University Law School and the two briefly formed a law firm. 'Quayle and Quayle, before he moved to Congress in 1976. Four years later he became a senator.

Marilyn Quayle is apparently a close political adviser and a friend of Susan Baker, the wife of Mr Bush's newly designated campaign chairman, Mr James Baker, the outgoing US Treasury Secretary.

In choosing Mr Quayle, Mr Bush has put personal compatibility and loyalty before experience and a proven record. He has shunned Senator Robert Dole of Kansas and Congressman Jack Kemp of New York, both of whom challenged him in the primaries.

He may be the best alternative in the Mid-West to Mr Dole, said a Republican operative. He may also be a more attractive version of Jack Kemp, a wooden speaker at the best of times. But he may suffer from the very weakness that has plagued Mr Bush so far in the presidential campaign: a lack of stature.



Running mates: George Bush welcomes Dan Quayle

US stages nuclear test with Soviet Union

The US set off a large underground nuclear explosion in the Nevada desert yesterday in the first joint test with the Soviet Union, Reuter reports.

The unprecedented nuclear experiment in a 2,500 foot deep shaft was the first of two superpowers have agreed to conduct jointly this year.

The aim of the tests is to find mutually agreeable technology that will accurately monitor compliance with two 1970s test limitation treaties. The second of the joint experiments is set for September 14 at the Soviet Semipalatinsk test range.

US and Soviet scientists, some of whom had been working side by side since April preparing for the test, crowded into a small control room 30 miles from the blast site in the Nevada desert.

"Times are changing and we are in a situation where we are dealing with things at each other's test sites," Igor Paleykh, head of the Soviet delegation to the Nuclear Testing Talks in Geneva, said shortly before the explosion.

The two countries are exchanging data collected from the two underground explosions and will use the information in negotiations on future tests. Both also see the experiments as an important step towards ratification of the 1974 Threshold Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty.

Although both signed the treaties, which limit the yield of underground tests to 150 kilotons, they have not been ratified.

Joseph Salgado, acting deputy secretary of the US Energy Department, said the on-site monitoring by both superpowers this summer represented important progress towards verifying compliance with the two treaties.

Venezuela reserves fall sharply

By Joe Mann in Caracas

VENEZUELA'S hard currency reserves have fallen by 14.5 per cent since the end of last year to \$3.21m at the end of July, according to figures published by the press.

Large outlays this year for imports and for servicing a \$25bn public sector foreign debt, combined with lower international oil prices, Venezuela's economic problems, have caused concern over the balance of payments, and prompted demands from political and business groups for a freeze on interest payments to international banks.

Due to a sharp decline in oil export revenues Venezuela could face a 1988 balance of payments deficit of about \$2bn-\$3bn, according to some estimates.

The central bank's international reserves are equivalent to approximately one year of imports.

The Government last year sent a four-man team to discuss the balance of payments' problem with international bankers and officials in the US. Results of the team's trip have been inconclusive, despite

some optimistic statements to the press.

Talks are continuing this week in the US, and the team is expected to meet later with bankers in Europe and Japan.

The Government of President Jaime Lusinchi has said repeatedly that it will honour its international debt commitments.

However, a new sense of concern has developed among officials in Caracas in recent weeks, and political pressure is growing for the Government to take some dramatic step related to the debt.

Split emerges among Republicans

Peter Riddell on the tension between moderates and fundamentalists

Deep tensions have emerged this year within the Republican Party despite this week's triumphant nomination of Vice-President George Bush.

Nowhere was this better illustrated on Tuesday evening than in the successive speeches to the convention of Governor Tom Kean of New Jersey and the Rev Pat Robertson, the television evangelist.

Gov Kean is the advocate of "the politics of inclusion", the attempt to win the support of ethnic minorities and blue collar voters by a concentration on job creation. By contrast the Rev Robertson is a champion of the born-again fundamentalist Christians with their social agenda of a constitutional ban on abortion, prayer in schools and tuition tax credits for private education.

The two approaches have clashed throughout this year's nominating process. The Rev Robertson may have flopped in the spring primaries, winning less than a half the vote of Christian fundamentalists. But his supporters have gained control of the Republican local parties in five states, with a major say in six others. The conflicts in Michigan and Georgia have been bitter with lawsuits and charges of fanaticism.

Mainstream Republicans have been embarrassed by the zeal and moral certainty of the

Robertson camp, fearing it will put off Catholics, Jews and ethnic minorities which the party needs for success. It is in part a social and class struggle between traditional business and community leader Republicans and the blue collar, less socially established newcomers.

In his speech on Tuesday Mr Robertson proclaimed the "G-word", as the message "in God we trust" was flashed on the big screen on the convention hall. He talked of building "the greatness of America through moral strength", and did not go beyond the social agenda of his primary campaign.

Mr Robertson also showed why he has alarmed many mainstream Republicans with an attack on the Democrats over AIDS, describing them as "the protectors of the disease carriers". Talking dismissively of the Democrat family, he also referred to Senator Barbara Mikulski of Maryland as his mother, even though she is a declared gay.

Gov Kean, the keynote speaker to the convention, avoided the social issues. Indeed, in his new book, 'The Politics of Inclusion', he says much of the party's political energy has been devoted to "narrow issues that divide the electorate: abortion, school prayer, the equal rights amend-

ment, gay rights, the death penalty". While acknowledging the importance of these issues, he stressed that they did not decide elections "because they divide us when we need to be united".

Instead, on Tuesday, Gov Kean emphasised industrial revival in, for example, New Jersey through the creation of urban enterprise zones providing tax reductions in previously depressed and riot-affected inner city areas. This approach, also including educational reform, has earned Gov Kean the label of the Republican Michael Dukakis - and he has been praised for his record by a neighbouring Democrat, Governor Mario Cuomo of New York.

The Kean political message was clear: "Every time when we take an unemployed person and give him a job, we take a Democrat and turn him into a Republican." In 1985 Gov Kean won nearly 60 per cent of the state's black vote and two-thirds of blue collar support.

Now aged 53, he is not surprisingly seen as a potential presidential nominee. His Tuesday speech, with predictable swipes at the Democrats, will have done him no harm. Several posters proclaiming "Kean in '96" were waved, along with some critical ones, attacking him over abortion.

The Rev Robertson, aged 58, may not himself have such a future but he may still have a say in the party. His local organisation and ability to raise money are proven and he has established a political action committee to back conservative candidates. His influence will depend in part on whether he can deliver Christian fundamentalists to the Bush-Quayle ticket, as he earlier failed to do for himself in the primaries.

The tension between these two differing strands will continue to affect the structure and appeal of the Republicans whatever happens on November 8.



Pat Robertson: moral zeal embarrasses moderates

Kansas City caught in KKK cable controversy

Janet Bush reports on a bitter broadcasting row

MR J ALLEN Moran, formerly Exalted Cyclops of the Missouri Knights of the Ku Klux Klan but recently promoted to Grand Giant, keeps his answering machine switched on around the clock: He receives an average of five death threats a day.

Mr Dick Kurtenbach, director of the Kansas City, Missouri, branch of the American Civil Liberties Union, has also received threats to his life.

The Reverend Emmanuel Cleaver, pastor of the St James United Methodist Church and the city's deputy mayor, has received death and bomb threats. Some time ago, a Molotov cocktail was thrown through his letter box, and in 1980 a cross was burned on his front lawn.



J Allen Moran, "Grand Giant" of the Ku Klux Klan (left), with a group member sporting white hood and robes

These men are three of the main protagonists in a debate which has wrenched the conscience of progressive white inhabitants and terrified the much poorer black community of this mid-western city founded on the riches of the area's wheat fields.

The controversy began when Mr Moran and Mr Dennis Mahon, brought in by the Klan's national organisation in Alabama to recruit in the Kansas City area, walked into American Cablevision's offices and asked the station to air a programme called "Race and Reason." This is a series put together by Mr Tom Metzger, leader of the California-based White Aryan Movement, which has already been shown on more than 20 cable systems across the country.

American Cablevision refused on the grounds that it was not a locally made programme. The Missouri Knights then offered to make a weekly programme themselves to be called Kansas City Kable.

The Klan advertised its intentions in the local press and, as Ms Carol Rothwell, head of public affairs at American Cablevision put it, "all hell broke loose".

The station received many complaints from customers who opposed giving a platform to the Klan and threatened to withdraw their subscriptions.

American Cablevision wanted badly to keep the Klan off the air, not only for commercial reasons. About 50 per cent of its employees are black or represent other minority racial groups and the company was worried about their safety.

The station was also concerned about the inflammatory potential of Klanism, dressed in white military berets, army fatigues and reflecting sunglasses, walking into their studios in a predominantly black area of the city.

The Missouri Knights offered to bring their own armed security guards with them, which alarmed American Cablevision even more. "Our studios are in a black inner city area. There is a housing project close by with 2,500 black residents. Can you imagine what live, tough KKK men walking through

that neighbourhood. The children were terrified," says Ms Rothwell.

The central tenet of the Klan's beliefs is that the different races should live separately. According to Mr Moran, the KKK still believes in violence as a last resort and Klan members regularly meet for military style training sessions as well as for "cross lighting ceremonies in the countryside."

Seated at his modest home in Platt City, about 20 miles north of Kansas City, Mr Moran drank Coca-Cola and chatted amiably about his views, dressed in a white beret embroidered with the Klan insignia and carrying a semi-automatic pistol.

He was flanked by a 20-year-old member of the KKK youth corps, dressed in the more traditional white robe and hood with eye holes. He did not speak but nodded intensely as his mentor spoke.

Mr Moran says he does not hate blacks. Nevertheless, he believes that they are "pre-Adamic." Adam, he believes, was the founder of the white race but blacks were created before Adam. Jews, he believes, were "post-Adamic," the result of a union between Eve and Satan.

"Perhaps the black race and other races aren't made in God's image - God is white to us. Perhaps it could be said that a black is slightly less than a man. Yes, God created blacks - he created dogs and cats as well."

This is the kind of view which so alarmed American Cablevision subscribers. Ms Rothwell believes that it was predominantly whites who called in to complain. The station went to the city council for advice.

After months of emotional debate and a great deal of political lobbying, the council voted to do away with public access television, over which American Cablevision had no editorial control. It has been replaced by community programming over which the station has the last word editorially.

The fight against the Klan in the city council was spearheaded by three men: the Jewish mayor Mr Richard Beckley, Reverend Cleaver, a charis-

Caribbean regional appeal court urged

By Canute James in Kingston

THE English-speaking Caribbean countries plan to take the law into their own hands. The 13 countries which make up the Caribbean Economic Community are studying setting up a Caribbean Court of Appeal to replace the British Privy Council as the region's highest court.

The move has less to do with nationalistic desires for a totally indigenous final appellate court, than it has with the cost of travel to Britain for appeals before the Privy Council. In proposals advocating the creation of the regional court of appeal, the community's attorneys general said "the

high cost of appeals to the Privy Council was a factor inhibiting access to that body."

They noted a progressive decline in the use of the Privy Council and that it would soon be limited to Gambia, Gibraltar, Hong Kong and Mauritius. The attorneys general said also that there were "signals from

the United Kingdom that the Privy Council would eventually not be accessible to the remaining Commonwealth countries that made use of it."

A decision on the Caribbean court will be taken next July at the community's annual summit, to be held in Grenada.

Jamaica agrees \$114m credit deal with IMF

By Canute James in Kingston

JAMAICA has reached an agreement with the International Monetary Fund allowing it access to a \$114m stand-by credit package over the next 14 months.

An earlier agreement between the government and the fund expired in May when Jamaica concluded drawdowns from a \$150m package. The new pact will provide balance of payments support.

Mr Edward Seaga, the prime minister and finance minister, said the conditions agreed with the IMF included a reduction of the deficit in the current account of the balance of payments to 3.1 per cent of GDP by the end of the fiscal year, against 4.5 per cent in the past year. According to the Bank of Jamaica the current account deficit last year was \$122.1m, following \$33.5m in 1986.

Mr Seaga said the measures were aimed at ensuring continued economic growth.

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OVERSEAS NEWS

Singapore Government calls early election

By Roger Matthews in Singapore

THE SINGAPORE Government announced last night that it was dissolving parliament and would hold a general election on September 3, some 18 months before its mandate expires.

Politics in Singapore has been dominated since full independence in 1965 by the People's Action Party and Mr Lee Kuan Yew, its Secretary-General, who has been the country's only prime minister. At the last election in December 1984, the PAP won 77 of the 79 parliamentary seats.

The PAP is again certain to

form the next government. The main interest will centre on whether it can recover the 12 per cent of the popular vote it lost at the last election. A further erosion of support would come as a damaging blow both to Mr Lee and to the next generation of PAP leaders who have been hand-picked by him.

The Prime Minister is preparing to hand over the premiership to Mr Goh Chok Tong, the first deputy prime minister, and is then expected to become Singapore's first elected, non-executive president.

The unexpectedly strong

showing by the fragmented opposition parties in 1984, which reduced the PAP share of the popular vote from 75.5 per cent to 62.9 per cent, was described at the time as a political watershed for Singapore.

It was widely interpreted as reflecting popular discontent with the intrusive style of Mr Lee's Government rather than particular enthusiasm for the alternatives on offer. In the past 12 months its crackdown on alleged political subversives has caused even some of its own supporters to accuse it of creating a mood of intimidation.

Lack of vision flawed the Zia years

By Robert Graham

GENERAL MOHAMMED Zia ul-Haq, who was killed yesterday aged 64 in an airplane crash, ruled Pakistan first as Chief Martial Law Administrator and then as President for 11 years, a quarter of the country's life as an independent nation.

Almost throughout this period he exercised dictatorial powers, yet he behaved always more as a survivor than a man with a clear vision of his country's future. He survived two coup attempts, rode out the international opprobrium provoked by his decision to hang Mr Zulfikar Ali Bhutto, the former Prime Minister, kept the opposition at bay with promises of elections and used Pakistan's strategic position to play off the super-powers.

His death removes the last of the sub-continent's leading figures whose formative years were under British India. He leaves behind a country mired in the chaos of a clerk who worked for the British army in the Punjab. He joined the British Indian Army under a wartime officer training scheme

and was later commissioned into an armoured unit. Fellow-officers regarded him as extremely competent and a "good sort". Both in appearance with his clipped moustache and with kiplingsque military talk he appeared the archetypal product of British India.

He was seconded to Jordan as a brigadier and was acting as an advisor in Amman in 1970 when King Hussein sought to crush the Palestine Liberation Organisation.

Mr Bhutto appointed him as chief of staff and it was from this position as the country's most senior officer that he decided to act against his master. His motives in overthrowing Mr Bhutto were genuinely patriotic and he was backed by the bulk of the armed forces along with segments of the business community. Yet once in power he displayed all the symptoms of a man who had seized office with a limited strategy - restore law and order and put the politicians in place.

The hanging of Mr Bhutto

removed a key rival; but this was to haunt the general and provide a continual rallying point for the opposition headed by Mr Bhutto's daughter.

Gen Zia might have remained more internationally isolated after Mr Bhutto's death in 1979 but for the Soviet invasion of Afghanistan. This not only distracted attention from the lack of political freedom in Pakistan but also enabled him to prove his value as an ally to the US, which in turn ensured continued financial backing.

He was never at ease dealing with politicians and his promise of free elections made in 1977 did not materialise until 1985. The 1985 elections were held on a non-party basis but the experiment soon ran into difficulties. Gen Zia regarded himself as the man in charge, the premier merely his lieutenant. After bitter differences, Mr Mohammed Khan Junejo, the hand-picked Prime Minister, was dismissed. Ever since then Gen Zia was running out of political options to justify his continued authoritarian rule.

US envoy with a love of Pakistan

By Simon Henderson

ARNOLD RAPHEL, the US ambassador to Pakistan, who was also killed in yesterday's mid-air explosion, was one of the State Department's best and brightest. He had long experience with Pakistan. As a first secretary in the US Embassy in Islamabad in 1971, he had known Gen Zia even before he had taken over from Zulfikar Ali Bhutto.

Mr Raphael loved Pakistan, despite its faults, and when appointed ambassador last year felt that he had accomplished one of his ambitions.

In the 10 years before, he had served in a variety of top positions in Washington. As principal aide to Mr Cyrus Vance, the Secretary of State, and later to Mr Ed Muskie, he played a crucial role in helping to sort out the Iran hostage crisis. He went on to be principal Deputy Assistant Secretary of State in the State Department's political-military bureau, then in the Near East Bureau.

Hayden confirmed as Governor-General

By Chris Sherwell in Sydney

A CABINET reshuffle and by-election are in store for Australia's Labor Party government following yesterday's confirmation that Mr Bill Hayden, Foreign Minister, will become the country's next Governor-General.

An announcement from Buckingham Palace said Mr Hayden would take up his appointment on February 16 next year, one day after Sir Ninian Stephen, the present Governor-General, leaves the post.

Mr Hayden returned from an overseas trip on Tuesday and yesterday resigned his ministerial position. He will retain his seat and his membership of the Labor Party. The move had been expected for some weeks.

Senator Gareth Evans, currently Minister of Transport and Communications, is widely expected to become the new Foreign Minister. He has long been the Government's spokesman on foreign affairs in the upper house.

Mr Ralph Willis, Industrial Relations Minister, is being

tipped for Sen Evans' job. But this and other moves remain the subject of factional manoeuvring within the parliamentary party.

With no announcement likely before the end of the month, Mr Hayden's ministerial role is to be taken over temporarily by Mr Michael Duffy, Minister for Trade Negotiations, his number two.

Mr John Howard, the opposition Liberal Party leader, has meanwhile stood by his recently-expressed criticism of the Hayden appointment.

Mr Howard has previously pointed to Mr Hayden's public expressed republican sentiments. He has also suggested the appointment aimed to relieve Prime Minister Bob Hawke of guilt over his deposition of Mr Hayden as Labor leader in 1983, immediately before winning power.

Mr Hayden was leader of the party in opposition for six years and member of parliament for Orley, near Brisbane, for 27 years. A by-election is scheduled for early October.



Bill Hayden (above), republican sentiments and Bob Hawke (below) sop to guilt?



Riots led to 3,000 deaths in Rangoon alone

By Richard Gourlay in Bangkok

AT LEAST 3,000 people were killed in Rangoon alone last week in the five days of riots that led to President Sein Lwin's resignation, hospital workers told Rangoon-based diplomats yesterday.

Officials at Rangoon's General Hospital said that thousands more had been injured, greatly raising earlier estimates of the amount of force the Burmese Government has used to suppress the protests. The estimates do not include deaths in the 26 other towns and cities where the army also fired into mainly unarmed crowds, including women and

Buddhist monks, all of whom were calling for democracy and the end to one-party rule.

The widespread outrage over the killings is likely to spark new street protests unless an extraordinary party meeting on Friday elects a new leader who is not considered a puppet of Gen Ne Win, Burma's ruler for 25 years, diplomats said.

In July the moderate far-left party finally stepped aside for Sein Lwin. But his appointment, as much as the desire for democracy, cuts in rice prices and calls for an end to one-party government,

fuelled the intense anti-government riots last month.

As the lengths to which the Burma Socialist Programme Party has gone to retain power becomes clearer, middle-class opinion is likely to add to the opposition to what was previously mainly silent support for the student-led protesters.

Earlier this week more than 170 lawyers wrote an open letter to the party demanding the violence used by the army against the protesters.

The letter from the Rangoon Bar Council, a professional government body, claimed the

army shot and killed nurses on duty, people in their homes or coffee shops, and pedestrians in the streets.

It is an unprecedented show of formal opposition from a section of the Burmese establishment which Gen Ne Win rigidly controlled like everything else in his socialist state.

Opposition has also emerged from the daughter of Aung San, a man considered the father of modern Burma, whose name Gen Ne Win has used in the past to invoke support.

Aung San Sun Kyi has writ-

ten a letter to the influential Council of State denouncing the violence and suggesting a consultative committee of influential and well-known people be set up to lead a transitional government.

The letter appeared to call for the release of political prisoners and an end to the cycle of protest and killings, diplomats said. Both letters rebuke the Government's repeated claims over radio that the riots last week were caused by hoodlums who were only interested in looting and had no political agenda.

ANC apologises for casualties

By Victor Mallet in Lusaka

THE AFRICAN National Congress, in a surprise announcement which amounted to an apology, yesterday expressed its regret about South African civilian casualties in a recent wave of guerrilla bombings. While welcoming the general upsurge of guerrilla activity, the ANC's ruling body, the National Executive Committee, also confessed that ANC insurgents had attacked civilians.

Summing up a lengthy meeting held last month, the 35-member NEC expressed concern at the recent spate of attacks on civilians. "Some of these attacks have been carried out by cadres of the people's army. Umkhonto we Sizwe (Spear of the Nation)," the statement admitted.

Mandela illness puts Botha in a quandary

By Anthony Robinson in Johannesburg

THE SUDDEN worsening of the health of Mr Nelson Mandela, the jailed African National Congress leader, faces the National Party Government led by President P.W. Botha with a political dilemma on the eve of the party's regional and member elections in Durban today.

Mr Mandela, who has been in prison since 1962, is reportedly suffering from tuberculosis although this has not been officially confirmed. A doctor who treated him at Grey's Hospital said yesterday that his release is not followed by negotiations but by the kind of house arrest imposed on Mr Govan Mbeki, the 77-year-old ANC veteran released last year.

inserted in one of his lungs to drain some three litres of fluid from the inflamed organ. On Monday the hospital issued a statement saying that this pleural drain had been removed. It added that the lung had expanded fully and that Mr Mandela was "up and about".

If it does release Mr Mandela, the Government faces the wrath of both worlds. It risks a "white backlash" for releasing a "terrorist" without gaining much thanks from blacks if his release is not followed by negotiations but by the kind of house arrest imposed on Mr Govan Mbeki, the 77-year-old ANC veteran released last year.

N Korea offers meeting with Southern MPs

By Jim Muir in Niocosa

PERHAPS only in Lebanon could such chaos and uncertainty prevail in the immediate run-up to a presidential election.

The announcement that the presidential vote, conducted by the country's ruling parliament, is to be held today triggered a frenzied round of consultations. As the hours ticked away, no clear candidate emerged as a consensus figure.

Failing a last-minute agreement, it was expected that the parliamentary session would be boycotted by many Christian deputies, denying it the required quorum of 53. The vote would then have to be re-scheduled in time for the successful candidate to be inaugurated on September 23 when President Amin Gemayel's six-year term expires.

The fears of Christian East Beirut had been aroused by the announcement on Tuesday from the Syrian-backed former President, Mr Suleiman Fran-

Lebanese MPs likely to delay election

By Jim Muir in Niocosa

jeish, that he was putting himself forward on a platform of "salvation and reform".

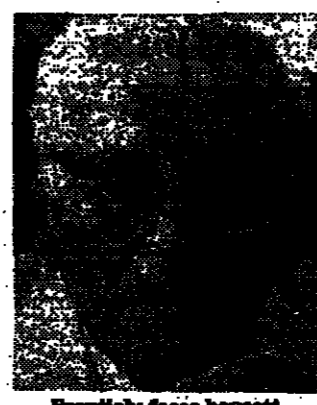
The Lebanese Forces, the powerful Christian militia, had already made it clear that it would mobilise "all its political and security apparatus" to fulfil its offer, by Mr Franjeih to regain office.

Christians enjoy a slight majority over the Muslims - 41 to 35 - among the survivors of what must be one of the world's longest-standing settlements. It was elected in 1972. Since the civil war broke out in 1975, it has been impossible to hold a general election, so the chamber has simply voted itself repeated extensions.

To win in today's vote, a candidate would have to gain an outright majority of 40 in a second poll. Given the theoretical possibility that Mr Franjeih might secure virtually all the Muslim votes, the East Beirut Christians were thought likely

to foil a quorum by staying away, rather than risk seeing him pick up the handful of Christian votes he would need to succeed.

Syria's troops control the east and north of the country and the Muslim sectors of Beirut. But Damascus has been estranged from the Christian



Franjeih faces boycott

East Beirut leadership since early 1986, when President Gemayel joined the Lebanese Forces in felling a Syrian-sponsored settlement accord.

One figure rumoured to have discreet support from both the US and Syria is army commander Gen Michel Aoun. His men in the loyalist faction of the army are armed and trained by the Americans, and he is also on reasonable terms with Damascus. But his candidacy which has not even been declared - is fiercely opposed by the main political and militia forces in Christian East Beirut.

It appears that a successful candidate would have to be a neutral figure, acceptable to all agreements and claims to power. Among names most often mentioned is that of Michel Khoury, a former Governor of the Banque du Liban and a relatively non-controversial figure in the maelstrom of Lebanese politics.

Paris joins in protests over US Trade Bill

By Ian Davidson in Paris

THE FRENCH Government yesterday added its protests to those voiced previously by the European Commission and the Japanese Government at the protectionist slant of the US Trade Bill passed by the US Senate at the beginning of this month.

In a communique issued after the first cabinet meeting of the post-holiday season, the Government expressed its "anxiety in the face of the general hardening of the American trade legislation" and said it questioned whether some of the provisions of the bill adopted by the US Senate on August 4 were consistent with the rules of the Geneva-based General Agreement on Tariffs and Trade.

Mr Claude Evin, the Govern-

ment spokesman, said after the cabinet meeting that the US Trade Bill was "particularly insupportable and unacceptable".

The Government communique specifically accused the US Government of abandoning its commitment to the multilateral trade liberalisation negotiations in the so-called Uruguay Round of Gatt. The communique expressed "regret that one of the world's main trading powers should intrude, by a text inspired by protectionism, the stand-still commitments adopted at the launch of the Uruguay Round".

In the light of the protectionist slant of the US Trade Bill, the French government said it "doubted the commitment of the US to bring the Uruguay

Round to a successful conclusion", and added it would support appropriate action by the European Community, where necessary, in support of its commercial interests.

The French protest echoes a statement issued by the European Commission in Brussels immediately after the Senate vote, which warned that the new US Trade Bill intensified the dangers of a trade war.

The Commission said that it would raise the new US legislation with Gatt if the Community found that the provisions of the Trade Bill endangered its interests.

Mr Evin yesterday said the French government's response to the US Trade Bill "would not be limited to a verbal condemnation".

WORLD TRADE NEWS

Hyundai ships arrested

By Michael Murray in Hong Kong

THE HONG KONG group controlled by Sir Y.K. Pao, World-Wide Shipping, has placed under arrest three vessels being built by Hyundai Heavy Industries, stepping up the pressure in its dispute with the South Korean shipyard.

World-Wide resorted to legal action against Hyundai after it sought to renegotiate the contracts for three oil tankers ordered by World-Wide at bargain prices during the slump year of 1986.

Hyundai cited industrial action by its workforce as necessitating the total price tag for the three ships to be increased to \$195m from \$120m.

China fails to deliver the wool

Larry Luxner writes on the collapse of a Sino-American venture

A SINO-AMERICAN textile venture that sought to capture one-quarter of the world's cashmere sweater market has collapsed, mainly because the People's Republic of China failed to supply the cashmere yarns on time.

As a result, MTEX Puerto Rico Inc, now faces foreclosure on a \$4.1m loan from the Island's Government Development Bank (GDB), despite efforts by the Government to save the delicate deal.

Currently, 50 workers in the Puerto Rican town of Rio Grande are without jobs while the owners of MTEX - the Washington-based Transworld Group, the Japanese fashion designer Hanse Mori Inc, and the Peking Wool Knitting Industry - attempt to iron out their differences.

A US official in Peking said "both sides are making efforts to see if they can work out some kind of accommodation" and get the two sides talking again.

Mr C. William Verity, US

Secretary of Commerce, has already written letters to his Chinese counterparts urging that the joint venture be allowed to proceed.

Meanwhile, Mr Richard Millman, chairman, president and organizer of the MTEX venture, said he has reached a tentative agreement with the British colony of Montserrat to buy between 5,000 and 10,000 lb of Caribbean island's prized Sea Island cotton, and process it into high-quality apparel for New York fashion outlets.

"We are testing the knitting quality of Sea Island right now," Mr Millman said. "We have been offered a first-time supply, and if it knits well, and all indications are that it will, we'll be in a position to send to MTEX clients garments knitted of Sea Island cotton."

If successful, said Mr Millman, the Montserrat deal could convince the GDB not to foreclose, because "it would show the GDB we're not standing still."



As originally envisioned, a factory outside Peking, employing 400 people, would produce multi-coloured yarns from cashmere sheared from Himalayan mountain goats. The yarns would then be flown to Tokyo, to a second factory in Puerto Rico, where eventually as many as 350 workers would assemble the yarn into sweaters - using \$5m worth of computerised Japanese and West German knitting machines.

taken advantage of Puerto Rico's status as a US possession and given Hanse Mori duty-free access to the US market, while producing millions of dollars of hard currency for China.

The arrangement soured last spring when the Chinese failed to ship the yarn or have the Peking factory ready on time.

Mr Millman accused Peking of reneging on its contractual agreements and claimed the Chinese want to see the Puerto Rico project go to waste.

The Chinese partners, in turn, blame management problems, though Yu Xiaosong of the Peking Commission on Foreign Economic Relations and Trade has agreed to make one last attempt to save the project.

Separately, the office of Mr George Bush, the US Vice-President, has written to the GDB in Puerto Rico, warning that "foreclosure at this point would terminate an opportunity that may well be viable".

Drug producers likely to benefit from government efforts to cut spending

By Peter Marsh

PRODUCERS of generic copies of branded drugs are likely to benefit from increasing efforts by governments to limit public spending on pharmaceuticals, according to a report* from the World Health Organisation.

The report says that governments, which in many countries are easily the biggest customers for drugs, are attempting to cut their pharmaceutical bills through a variety of measures such as direct control of prices of new products and efforts to share costs with consumers.

Another technique is to

encourage more doctors to prescribe generic drugs to patients. Chemically identical to branded formulations that have come off patent and which are usually significantly cheaper than the branded medication.

The two types of product often, though by no means always, operate in a similar way in the human body. As a result the generic version may be preferred on the grounds of price.

Moves towards prescribing generic formulations rather than the branded drug are often, however, resisted by the

big research-based pharmaceutical companies which are responsible for most branded drugs. These companies believe too much of a swing towards generic prescribing could eat into their sales.

The generic drug market has been growing particularly strongly in the US, which accounts for about a third of world pharmaceutical sales, now running at about \$100bn a year.

*The World Drug Situation, World Health Organisation, CH-1211 Geneva 27, Switzerland. SUpP20.

Consultation deal for Gulf

By John Wicks in Zurich

SRI International, the former Stanford Research Institute, has signed an agreement with the Kuwait-based National Consulting Group in a series of projects "within and relating to" member-countries of the Gulf Co-operation Council.

The two organisations will work jointly to provide technical, strategic and economic consulting services to private companies and associations and to government agencies.

Based in Menlo Park, California, SRI International has a Zurich office for European and Middle Eastern business. This will co-ordinate SRI's participation in the Gulf projects.

Australia trip for Young

By Joel Kibazo

LORD YOUNG, Secretary of State for Trade and Industry, is leaving London today for a "fly the flag" tour of Australia and New Zealand.

The 10-day official visit, which begins on August 29, follows the visit to Australia by Mrs Margaret Thatcher, the British Prime Minister.

Speaking in London before leaving for Australia, Lord Young stressed the importance of the UK's trade links with that country, saying: "Already

in the first six months of this year UK exports have gone up over 13 per cent and imports from Australia are up 12 per cent."

In the case of trade between Britain and New Zealand, Lord Young said the UK is New Zealand's fourth largest supplier.

But he acknowledged that British trade in the region had declined significantly: "I hope they now accept we are part of Europe, as we accept their sphere is the Pacific."

Bulgaria in UK bank deal

By Stephen Fidler, Euromarkets Correspondent

MORGAN GRENFIELD, the UK merchant bank, has signed an agreement with the Bulgarian Foreign Trade Bank to encourage joint ventures.

Morgan, which completed a \$12m commercial trade financing deal for the country in late June, had a similar agreement with the Soviet Union put together last year.

The Bulgarian government recently passed new legislation aimed at encouraging Western investment and the establish-

ment of independent self-financing entities which would be motivated by profit rather than by production.

The government is particularly eager to establish joint ventures in bio-technology, including areas such as cheese and yoghurt production.

This innovative agreement sets up a banking forum to access and problem-solve for Western and Bulgarian companies in the sphere of joint investment.

Handwritten scribble at the bottom of the page.

Innovation

LORD NELSON AND MILSTAR

Trafalgar, 1805, the battle that was to lead to the eventual undoing of Napoleon, was won because Admiral Horatio Nelson had a secret weapon: signal flags.

The technique of communicating over long distances by coded flags had only recently been invented by the Royal Navy. It revolutionized naval warfare.

The system enabled the British ships to cover vast expanses of ocean, looking for the enemy, while remaining in close contact with the fleet commander. It also allowed tactical flexibility once battle had been joined. Other navies were bound by rigid battle plans agreed upon in face-to-face councils long before the first broadside. They were confounded by the British and their talking flags.

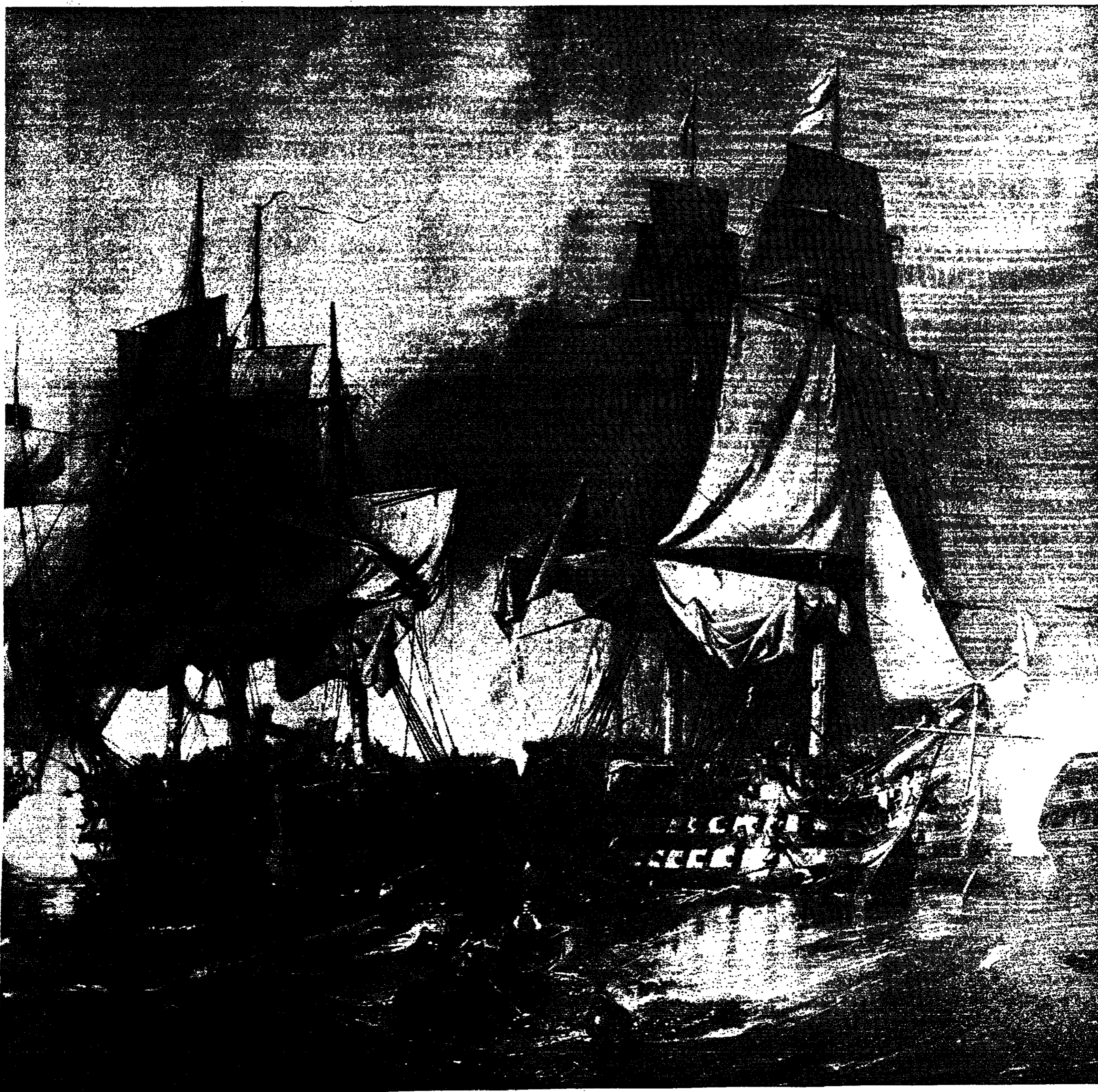
The result of Trafalgar, and in large part this communications system, was that Britain enjoyed undisputed rule of the seas and over a century of relative peace; a *Pax Britannica*.

In modern warfare, command, control, and communication are as decisive factors as they were two centuries ago and even more complex. History is peppered with anecdotes of communication breakdowns leading to fiasco. It has been called the fog of war.

This is why Milstar, the most comprehensive, survivable, and secure communications system ever conceived, is so needed. Once in place, the satellites that make up the Milstar constellation will be able to keep all commands of our forces around the globe in constant touch, from the President down to platoon leaders, regardless of the situation. And it will allow the Commander in Chief to make timely, well-informed decisions.

What Nelson's signal flags did for Britain two centuries ago, helping to insure a century of peace, Milstar can do for the West. And that is, after all, the object of defense.

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UK NEWS

Unions call for talks as Boeing sizes up Shorts

Trade union leaders in Northern Ireland will seek a meeting with Tom King, Northern Ireland secretary, after learning that Boeing, US aerospace company, is investigating the possibility of taking over Short Brothers, the Belfast aircraft and missiles company.

The Government has authorised Shorts to organise its own privatisation and there is speculation that senior management at the Belfast company is interested in a deal with a large international partner.

Boeing has confirmed it is carrying out a feasibility study for senior executives into acquiring Shorts, but a company spokesman in Seattle said a complete takeover was unlikely.

Investing in efficiency
British Steel Corporation said an £8.7m investment programme to improve efficiency of steel-making at its Teesside works in north-east England would begin this month. The corporation said the investment was expected to lead to savings in operating costs of £2m a year.

NatWest card rates rise
National Westminster, commercial bank, is the latest bank to increase interest rates on its credit cards. NatWest Access card rates will rise from 1.75 per cent to 1.9 per cent per month from August 26, equivalent to an annual rate of 25.3 per cent.

Chelsea club lease sold
Crest Nicholson, building and property development group, has bought the lease on Stamford Bridge, West London home of Chelsea Football Club. The lease carries planning consent for the development of 220 houses and flats, and an office building on the site, but Crest said yesterday it would produce a revised plan.

Labour attacks award
An extra £150m will be needed, in addition to the allocated £800m, if the Government is to carry out its pledge to fund the nurses' recent pay award in full, Robin Cook, opposition Social Services Secretary, said.

Ziegfeld show to close
Ziegfeld, the most expensive stage musical ever performed in London's West End with a £3.2m budget, will close in October after an ill-fated five-month run.

Bank switches HQ
The Bank of Wales will move from its cramped quarters in the centre of Cardiff to the newly built Baltic House next year.

Express Foods to expand cheese works in N Ireland
By Our Belfast Correspondent

EXPRESS Foods Group (International), part of Grand Metropolitan, is creating 137 jobs in a £5.8m expansion of its cheese manufacturing operations in Northern Ireland.

The expansion, backed by the Industrial Development Board for Northern Ireland, will take place at Dairy Produce Packers, Coleraine, and at Express Dairies, Magheralin.

A £3.5m investment at Dairy Produce Packers, which makes a range of traditional and processed cheeses, will create 125 jobs.

This will bring total employment to more than 470 over the next four years.

The company is the UK's main supplier of cheese slices to well-known fast food outlets such as McDonald's, Wimpey and Burger King.

Forecasting survey points to slower economic growth
By Ralph Atkins, Economics Staff

BRITISH ECONOMIC growth will slow to an annual rate of about 2 per cent next year, according to the latest Treasury comparison of forecasts in the City of London.

UK gross domestic product is predicted to rise by 3.4 per cent in 1989, and 2.1 per cent in 1990. Inflation is expected to be running at an annual rate of 5.4 per cent in the last three months of this year and at 4.1 per cent by a year later.

The survey covers forecasts by nine City groups dated between May and August. It includes leading securities houses and banks.

The results show Britain's current account deficit rising from £2.8bn this year to £9.5bn in 1989. But there is a wide variation - forecasts for this year vary between £5bn and £11bn.

The survey suggests that consumer expenditure will continue to grow strongly, rising by 5.2 per cent this year and 3.4 per cent in 1989. Spending on fixed investment is forecast to grow by 8.6 per cent this year and by 3.5 per cent in 1989.

The Treasury also compiles a survey of 11 independent forecasting groups such as the Confederation of British Industry and universities as well as City groups. It includes fore-

Tikoo may face rival bids for Harland & Wolff

By Steven Butler in London and Our Belfast Correspondent

HARLAND and Wolff, the state-owned Belfast shipbuilder which is up for sale, is making a further 550 of its 3,800 workers redundant.

The job losses reflect a dwindling order book and were announced yesterday as one of several potential buyers for the yard emerged.

The news came 48 hours after Harland and Wolff announced that it had concluded a two-year productivity deal that will provide it with some of the most flexible working arrangements in Europe.

The Northern Ireland Department of Economic Development said yesterday that it had received a number of fresh proposals to buy the yard.

It added that it was unlikely to be able to reach a decision by late September as had been expected on an earlier offer by Mr Ravi Tikoo, the Indian-born shipowner.

Mr Tikoo wants to buy the yard for a nominal sum and, with a £70m government subsidy, would use it to build the Ultimate Dream, a luxury cruise ship.

One of the alternate proposals to buy the yard is being drawn up by Seaway's Engineering, a company formed a year ago by two engineers who have come up with a novel design for semi-submersible rigs.

They believe that these rigs could be built profitably at the Belfast yard.

Mr Barry Ryan, Seaway's managing director, said that a large market had been identified for the rigs, which could be built for a fraction of the cost of current designs, and that this could provide many years of work for in Belfast.

Mr Tikoo's proposal, by contrast, is for a one-off job.

Research for the new design has been backed by Texas Eastern, the US oil company active in the North Sea, and models of the rig are currently being tested at the University of Glasgow.

Savings would be achieved because the rigs would be built by assembling cellular steel cubes designed specifically for construction at the yard.

Mr Ryan said that a rig capa-

ble of carrying 10,000 tonnes could be built for less than £8m, or roughly one tenth the current construction cost per tonne of payload for other designs.

Construction time could eventually be brought down to between six and eight months he said.

Seaway's short track record and a lack of firm financial backing, however, are thought to put it at a disadvantage in the deal, and there is some scepticism among engineers about claims made for the design.

Mr Ryan said that two merchant banks, which he declined to name, were interested in backing the scheme.

Harland's said yesterday that trade union representatives had been told earlier this year that redundancies would be required.

Workers affected will be given 90 days notice and the lay-offs will take place over the next seven months.

The yard's only other major order is a Ministry of Defence contract for an auxiliary oiler replenishment ship.

Mr Jack Nicholl, regional officer of the Manufacturing, Science and Finance Union said trade unions at the yard were aware that redundancies were imminent.

Mr Nicholl said: "We will obviously be seeking a meeting with management with a view to keeping hardship to employees affected to a minimum."

"The announcement has got nothing to do with the flexibility deal but obviously the workforce has shrunk so much in recent years, it will be more difficult to implement voluntary redundancies."

Mr Nicholl said much work on the MoD contract was being contracted out of the company and he hoped the new flexible deal would enable more work to be carried out at Harland and Wolff.

Sports cars ahead in market growth
By John Griffiths

FOUR-WHEEL-DRIVE cars and sports/utility vehicles have become the fastest-growing sector of the UK new car market, according to figures from market analysts AID (Automotive Industry Data).

Their sales in this year's first half, at 27,138 units, were up 21.2 per cent since last year. AID predicts that even allowing for a slight slowing of the growth rate in the second half, as higher interest rates bite, sales for the full year will be 18.8 per cent higher than in 1987, at 57,000 units.

However, the study by AID is based on figures for the first half of this year - before the eruption of a controversy over allegations by the Consumers' Association that a sports four-wheel-drive (4wd) range made by Suzuki, the SJ410 and SJ413, was unsafe.

The Suzuki models have become the most popular imported vehicles of their type in the UK, outselling their nearest imported rivals by nearly two-to-one.

The Association claims, however, that tests showed they were too prone to rolling over. Similar charges were made a few months earlier by a US consumer's association.

The claims have been hotly denied by Suzuki's UK importer, part of Mr Gerald Ronson's Heron Corporation.

The Department of Transport is to carry out its own

tests on the vehicles next month.

In the first six months of this year, AID's figures show, Suzuki sales jumped by 37.5 per cent to reach 3,094 units, compared with 2,250 in the same period of last year - a growth rate boosted by the start-up of production in Spain as well as in Japan.

Since the middle of last year, it has allowed the vehicles to escape the full constraints of the Anglo-Japanese "gentlemen's agreement" limiting Japanese imports to 11 per cent of the UK market.

Since the start of July, however, Suzuki SJ sales have dropped, albeit marginally.

In July, a traditionally poor month for vehicle sales, they fell to 56 compared with 56 in the same month last year. So far in August, early the biggest sales month of the year, they have dropped to 1,342, compared with 1,354 in the comparable 1987 period.

Mr John Norman, Suzuki GB's managing director, said yesterday it was too early to draw any hard conclusions about the impact of the roll-over controversy on sales because there was a significant pent-up demand for the Spanish-sourced vehicles when they arrived on the market.

AID newsletter, Automotive Industry Data, 24 St John St, Lichfield, Staffs, England WS13 6FR. £240 p.a. for 24 issues.

TV watchdog warns breakfast station to improve standards
By John Gapper, Labour Staff

THE Independent Broadcasting Authority yesterday warned TV-am, the independent breakfast-time station, to improve technical standards and some of its output following the dismissal of 224 station technicians earlier this year.

The IBA asked TV-am to produce detailed plans for improvements in three areas: its weekend news bulletins, its children's programmes and aspects of its programming and technical presentation.

The IBA's ultimate sanction against TV-am would be to remove its franchise to broadcast, and the ACTT film and television technicians' union is seeking a judicial review of the IBA's decision not to do so.

Assurances were given yesterday to the IBA by Mr Bruce Gyngell, TV-am managing director, that the company was

taking steps to return to a normal service. It is to report back to the IBA again, probably within a month.

The IBA's delegation at the meeting in London was led by Lord Thomson, its chairman. During discussions, Mr Gyngell, and his deputy, Mr Adrian Moore, were questioned over the technical standards of some of TV-am's output.

The company has recruited a core replacement workforce of about 55 non-union technicians since it dismissed its ACTT employees for refusing to agree changes in working practices. It is also using freelance film crew.

However, it acknowledges that technical standards remain lower than before the dispute, and is putting some effort into training its new

technicians. TV-am does not believe it needs to recruit many more staff.

TV-am said after the meeting that there had been a "constructive" discussion, and it was glad it had been given the chance to prepare a detailed statement on plans for improving output.

The IBA has been consistently critical of the standard of TV-am's output, and in its annual report this year said the company was not meeting the requirements of its franchise. The ACTT argues the franchise should have been removed.

The union is also pursuing a claim of unfair dismissal for more than 200 of the sacked technicians. It is awaiting the judgment of a London industrial tribunal on whether a full hearing should be held.

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As with all venture capital projects, it will be a gamble. The new paper will be seeking a market niche within its management's belief in the history, evolution and revolution give some pointers on whether they are right or wrong.

"Of course there is a market," says Mr Robert Waterhouse, the editor. With his fellow shareholder-directors - Mr Roger Bowes, former head of Express Newspapers, and Mr Peter Coulton, who formerly ran the Daily Telegraph's advertisement sales in Manchester - Mr Waterhouse believes that the market place has come full circle after more than a century of change.

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Protagonists in the battle (left to right): John Prescott, Eric Heffer and Roy Hattersley

Hattersley camp scents victory

By Tom Lynch

LEADERS of the campaign to re-elect the current Labour leadership yesterday announced the support of a majority of Labour MPs and predicted a comfortable victory for Mr Roy Hattersley over Mr John Prescott in the deputy leadership election.

The Prescott camp was insistent, however, that Mr Eric Heffer, another contender in the battle for deputy leadership, stood a good chance of getting enough votes to deny Mr Hattersley a first ballot victory in the party's electoral college. The college meets in Blackpool, north-west England, on October 2, the eve of the Labour conference.

Mr Robin Cook, campaign manager for Mr Neil Kinnock, Labour Party leader, said 119 of the party's 229 MPs now

backed Mr Hattersley. He predicted Mr Hattersley would win 19 of the 30 per cent of electoral college votes allotted to MPs.

The destination of the unions' 40 per cent of the college vote remains unclear as the TGWU transport union is unlikely to declare its support before its delegation reaches Blackpool. Nupe, the public services union, is balloting with a recommendation for Mr Prescott.

Mr Cook said almost half the votes were wielded by unions which had already declared for Mr Hattersley or were conducting ballots with a pro-Hattersley recommendation.

He said the constituencies which were balloting their

members were likely to vote for the dream ticket of Hattersley and Mr Kinnock, but this was disputed by Prescott aides who pointed to ballot victories in local parties.

They predicted their candidate would get 13 to 14 of the constituencies' 30 per cent of the college, with Mr Hattersley trailing behind Mr Heffer.

The Prescott camp said it expected to arrive in Blackpool with second place, but also in a position to win enough of Mr Heffer's second preference votes to overtake Mr Hattersley.

Mr Cook yesterday presented copies of a leaflet to be sent to unions and constituencies a move seen by Prescott followers as a sign the Kinnock-Hattersley camp was less confident than it appeared.

Jobs programme for inner-city school leavers accelerated
By David Thomas, Education Correspondent

THE GOVERNMENT has doubled the size of a programme which guarantees jobs to inner city school-leavers in return for improved performance at school because of overwhelming interest in the scheme throughout the country.

Although there is little experience in the UK of the scheme, known as compacts, it is already being viewed in Whitehall as one of the Government's most promising initiatives to improve school-business understanding and to re-generate the inner cities.

Under the scheme, employers give priority in recruitment to pupils who reach agreed standards of achievement and commitment at school.

Compacts were pioneered in the US. They were introduced in Britain last year in the East End of London and firm plans for two more have already been announced for London, including one yesterday in the south east of the capital.

There is some evidence that the East London compact has already helped to cut truancy, encourage children to prolong their education and improve school-business understanding through work experience programmes.

In March, Mr Norman Fowler, Employment Secretary, announced pump-priming finance for a new round of compacts to start in 1989. The plan was to give prospective compacts up to £50,000 in development money and then to settle on 15 new compacts, which would get up to £100,000 a year for four years.

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Manchester's regional morning was The Guardian, but it converted to a national in 1959. Mr Waterhouse says this was the beginning of the gap in the market into which the North West Times will launch itself.

It could not be exploited before because Manchester has until recently acted as a sec-

ond home for national newspapers. Northern editions were published from busy newsrooms with a fair measure of autonomy. There was no more room for a regional morning there than in London.

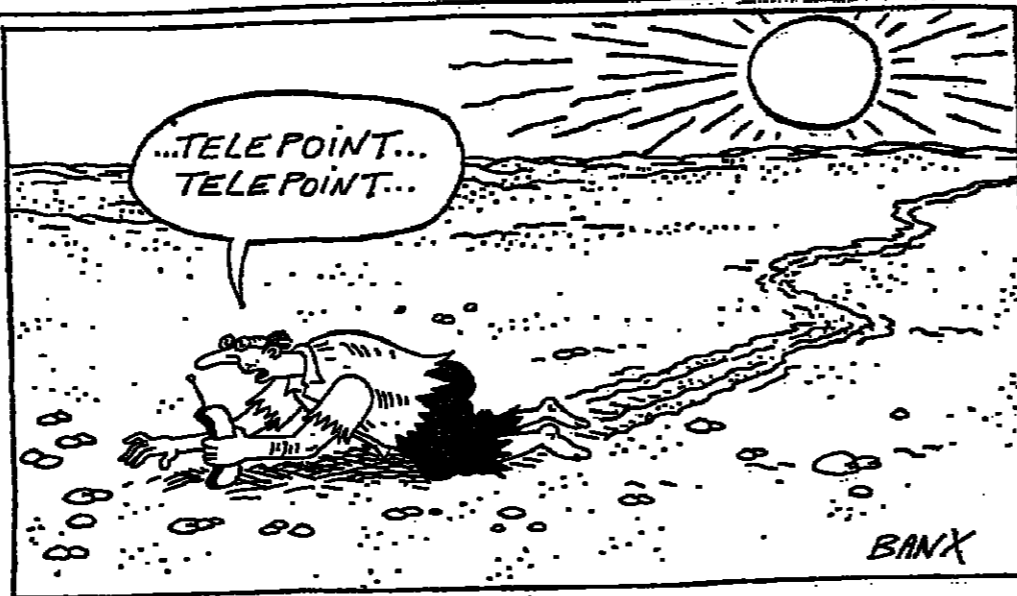
Now, however, northern printing is done on satellite presses; they receive the pages by facsimile transmission from London where most editorial decisions are taken. In the last two years there have been widespread redundancies in Manchester. Small staffs only are needed to feed northern copy direct to London computers.

The loss of market sensitivity that may

TECHNOLOGY

The portable phone puts in a call to a wider market

Della Bradshaw reports on a UK decision to bring in a common standard for the next generation of mobile telephone services



Five UK telecommunications manufacturing companies have agreed this week to bury the hatchet and adopt a common standard for the next generation of mobile telephone services - called telepoint.

The decision means business telephone users can look forward to carrying a telephone around in their pockets. Although the manufacturers have known for some time that a common standard would be best for themselves as well as the consumer, there have been months of wrangling and delicate negotiation over the details. Hanging over the manufacturers' heads has been an ultimatum from the Department of Trade and Industry (DTI) that if they could not agree a standard then one would be imposed.

Each company was hoping to steal a march on its competitors by being the first to produce a workable telepoint system. They have been developing their individual systems for the past three years and between them have invested about £10m.

Telepoint is a cross between a public callbox and a cordless domestic telephone where the handset is linked to the base by radio. Customers will buy the handset to use with both the standard base unit in their offices and with similar base stations in public places, such as railway stations and motorway services; so telepoint extends the uses of a cordless phone. The bill for the call is sent to the customer's business or home address.

Because of developments in the technology, telepoint can be used in office blocks and will be aimed particularly at business customers. The phone will cost about £250 to buy and

be considerably cheaper to use than today's cellular radio services. However, cellular radio still has an advantage in their scope for receiving calls. Although the telepoint handset can receive incoming calls through the office base unit, it cannot do so through public base stations.

The standards debate culminated in a straight fight between proposals from two of the five manufacturers, STC, with British Telecom's International Products Division, and GPT, the GEC and Plessey joint venture. Plessey is also a shareholder in another of the manufacturers, Orbital, along with Racal. Shaye Communications, an offshoot of Sinclair Research, and Ferranti Credit-Phone are the other two.

A standard based on the BT/STC design has prevailed. Differing interpretations of the standard arose because of the way it was drafted. When the specification was first under discussion in 1984 it was for a domestic or business cordless phone, not for telepoint. The idea of the new cordless phone, CT2, was that it would be an updated version of the existing variety (CT1), incorporating digital technology.

Because of this, the Department of Trade and Industry (DTI) left vague the definition of the air interface specification (the radio signalling used between the handset and the base), so that manufacturers could interpret it in different ways - one producing a cheap simple phone, another a "Rolls-Royce" version with a plethora of features. The DTI believed the development of the CT2 phones would happen first and telepoint would follow.

However, Ferranti quickly realised the potential for using such phones in public places and also believed that, because of the £250 price tag, it would not take over from the current generation of £100 cordless phones unless it had an extra selling point. Manufacturers and government began to realise at the end of last year that the air interface specification needed to be standardised for all manufacturers if consumers were to be able to use any CT2 handset with any public base station. The standard will be presented to the DTI next week for final approval.

Although a common air interface specification has been agreed, the standardisation process for telepoint continues. The manufacturers' committee has decided to standardise one of the key components of the system, the codec, which translates ordinary speech into a digital signal. Until the meeting earlier this week, it was feared by some manufacturers that each company would decide unilaterally which codec to use.

If that had happened, each base station would have had to incorporate a different codec for every brand of CT2 on the market, so pushing up the price of manufacture. Operators could also decide to exclude certain manufacturers' equipment by not incorporating the codec in their base stations. The decision now means that all the CT2 phones will work with all the public base stations.

The main advantage to manufacturers of a common standard is that it will be easier to promote the service internationally. That will give UK manufacturers several years' lead in the export market.

In making market forecasts for telepoint, both manufacturers and analysts are pointing to the UK cellular radio experience, which has shown enormous growth. Both Ferranti and Morgan Grenfell Securities, which published a recent circular on telepoint, say 3m telepoint subscribers by the early 1990s in the UK alone is a reasonable estimate.

Several European telecommunications authorities are now looking at the British experience before deciding their strategy. Ferranti, for example, has already signed licence agreements with two French manufacturers, Thomson Radio and Secré (part of Jeumont Schneider), for its telepoint equipment to be made in France. Companies in Spain and Italy have also taken out options to manufacture under licence, and Ferranti has received orders for trial equipment from Finland and Switzerland. Further afield, would-be operators in Hong Kong, Australia, New Zealand and South Africa, as well as some of the American Bell Operating Companies, have shown an interest.

Although a UK standard has been agreed it could take up to two years before a service engineered to that specification is in operation. To get a telepoint service working as soon as possible, the DTI is likely to allow companies to launch services to proprietary interim standards, with a clause in the licence stipulating a deadline for incorporating the newly agreed one. Those services could begin early next year.

So far three companies have said they will apply for licences to operate telepoint systems. They are BT's Mobile Communications division (BTMC), Mercury Communica-

tions and Ferranti Credit-Phone. BTMC will call its service Phonepoint and Ferranti has dubbed its proposed service Phone Zone. The Racal Telecommunications Group has also admitted it is considering whether to apply for a licence. Lord Young announced in July that he would licence between two and four telepoint operators.

Barry Morley, who is leading BTMC's drive for a telepoint operator's licence, says BTMC is most likely to begin operations incorporating Shaye equipment into the BTMC base stations. "We're further down the road in talks with Shaye," Mercury is still in discussion with several manufacturers about what equipment to use if it is given a licence and Ferranti will use its own.

Although the telepoint concept has generated the most interest, the CT2 office phone has certain advantages for use in the workplace:

- There is a lack of interference from other cordless telephones because of the number of radio channels and the way they are allocated. The present CT1 telephones are programmed to operate on one of only eight channels. So, if two phones allocated to the same channel are used in close proximity, "crossed lines" occur. With the CT2 telephones, 40 channels are available and they are dynamically allocated. That means every time a call is made the phone searches through the 40 channels until it finds a free one. For that reason CT2 telephones could easily be used in office blocks.

- Telephone calls on CT2 phones are translated into digital signals for transmission, which makes the message less vulnerable to noise on the line.

X-rays set a pattern for chips

THE IBM Yorktown Heights laboratory in New York reports it has developed a method of generating and directing X-rays to produce the extreme microscopic patterns on silicon needed for the chips of the future.

Chips storing more than 10 to 20 megabits of data are to be manufactured, the most likely method will be by shining X-rays through patterning masks on to the chip, rather than by using light as at present. The reason is that, if the patterning holes in the mask are very small, light tends to diffract the edges and produce indistinct patterns on the silicon. The effect, called diffraction, is minimised if the wavelength of the radiation is smaller, as with X-rays.

IBM is achieving half-micron spacings of elements on the chip. A micron is a millionth of a metre, about one hundredth of the width of a human hair. The company says this opens the way to memory chips holding more than 64 megabits of information.

IBM is using a synchrotron to make the necessary X-rays. The synchrotron is a nuclear science tool used to accelerate electrons to high velocities. When the electrons strike a target, X-rays are emitted from its surface. IBM is utilising these in a specially designed unit clamped to the big synchrotron at Brookhaven National Laboratory in New York.

Future work is expected to use a more compact but powerful synchrotron under development at Oxford Instruments in the UK.

IBM believes it is the first to devise experimental production plant that will deal with the multiple exposures of X-rays needed to build up the layers on a chip's surface.

Automatic clue to fingerprints

IN THE UK, De La Rue has teamed up with two computing companies, Digita and Niche Technology, to bid for the Home Office contract to supply a pilot automated fingerprint recognition system.

The system, for installation at New Scotland Yard and for Hertfordshire Police, will be able to scan a new fingerprint and then rapidly seek any identical prints on file, gathered from scenes of crime or elsewhere.

De La Rue Printnet, of Basingstoke, has already installed its Orin fingerprint identification system at 65 sites throughout the world, involving the storage of 600m prints. In Europe, there are users in Denmark, Norway and Switzerland, while in Canada, the Royal Canadian Mounted Police has achieved a 200-fold increase in identifications by using the system.

The UK pilot scheme, based on Unix multi-user software, is expected to come into action in 1989. Crossfield Electronics, a De La Rue company, will provide graphics monitors and the local area networking. Niche Technology will look after the high speed parallel processing while Digita will write much of the complex software.

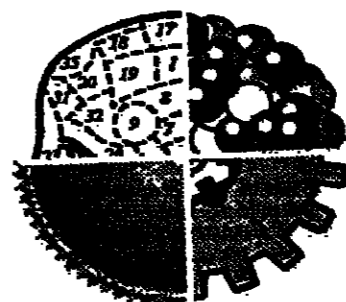
and Italy. The five-year project, involving 170 man-years of work, will be Europe's largest collaborative venture in speech technology. The systems developed are planned to have a vocabulary of 2,000 words, which is greater than existing systems. Logica has achieved a leading position in this area and in 1981 made one of the earliest announcements of a speech recognition system (called Logos), based on work carried out at the UK Government's Joint Speech Research Unit.

Factor system for plant design

THE DESIGN of electrical plant, from equipment cabinets to complex circuits, can benefit from a computer-aided design (CAD) system called Powerhouse, from AutoCIM of Leamington Spa in the UK.

Powerhouse is based on Autocad software, which has the major market share for personal computer CAD packages. It is claimed that the system enables designers to produce project drawings four to six times faster than by hand.

AutoCIM is offering a workstation with processor, 18-inch colour screen and training for £7,500.



WORTH WATCHING

Edited by Geoffrey Charlish

Travel agent comes to you

IN JAPAN, lap-top computers feature in a plan to bring the booking of airline seats, cars and hotels into the traveller's home or hotel room.

At the moment, travel agents have desk-top machines at the agency premises, to which the customer must go. Under the new system, the lap-tops, carried like a brief case, will be taken to the customer by the agent. He will visit office or home, plug the computer into a telephone socket and operate as if he were in his office.

The idea is the brain-child of US-based United Airlines, which will use Toshiba lap-top personal computers as an element of its computerised reservation system in Japan.

The system is part of the world-wide Apollo network developed by Logica Limited and now working at 6,300 travel agencies in 42 countries.

CONTACTS: IBM: UK office, 0705 694841; De La Rue Printnet: UK, 0256 28192; Logica Limited, 057 9111; AutoCIM: UK, 0256 862246; Toshiba: Tokyo, 457 2104.

For those of you who've only met our first born, here's the latest family photo



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INTERNATIONAL APPOINTMENTS

Time announces some top management changes

TIME INC., the large US magazine and book publishing and cable television group which has been through a successful restructuring and cost-cutting exercise since 1985, announced some senior appointments.

With revenues suffering from an advertising slump in 1985, the company, under the direction of Mr J. Richard Munro, 57, chief executive since 1980 and also chairman for the past two years, began staff trimming and the restructuring. This has refocused the group on its core businesses and given a strong shot in the arm for profits.

Now elected to the board of directors and named vice chairman is Mr Gerald M. Levin, an executive vice president and chief strategist for this media and entertainment group. Mr Glenn A. Britt has been elevated to chief financial officer from vice president, finance, while Mr Tommy J. Harris, Time Inc. controller, has been made a vice president.

In a memorandum to the staff, Mr Munro and Mr N.J. Nicholas Jr, Time Inc. president, said: "In giving Jerry the new title of vice chairman, the board acknowledges the important role he has played over the past two years in advising us in a wide variety of ways. His active participation and wise counsel in every major

corporate decision during that period have been of incalculable value to Time.

Mr Levin, 48, has held the position of executive vice president since 1984. In addition to his responsibility for examining alternative strategies for the group, he is in charge of financial, legal, public and government affairs, and human resources. He and Mr Britt, 38, have both been with the company since 1972. Mr Harris, 41, joined in 1983.

AT Scott Foresman, acquired by Time Inc. in late 1986 and one of the largest publishers of textbooks in the US, Mr George Aronadi, 47, has been named chairman. Mr Richard E. Peterson, also 47, president, and Mr Herbert O. Nichols, 55, executive vice president.

The appointments were announced by Mr Keiso F. Sutton, chief executive of Time Inc.'s Books Group and an executive vice president of Time Inc., and who had also been chairman of Scott Foresman.

Mr Richard T. Morgan, 51, has resigned as president and chief executive of Scott Foresman to pursue other interests. He was replaced by Mr Sutton for "building strongly on Scott Foresman's reputation for publishing exemplary educational materials while producing superior financial results.

Under Morgan's leadership, Scott Foresman achieved record revenues and earnings in 1987.

THE BOARD of directors of the International Swap Dealers Association (ISDA) has approved at a meeting in Frankfurt the appointment of Mr Bradley P. Ziff as its new executive director, stated Mr Mark Erickson, ISDA chairman.

Mr Ziff replaces Mr Sue A. Cimbric, who has left the Association to begin studies at the Harvard Business School.

ISDA, with executive offices in New York, was founded in 1985 to help set industry standards and practices to carry on a dialogue with regulators, and to advance international public understanding of the global swap market. Its international membership is composed of 90 banks and brokerage firms engaged in the swap industry worldwide.

Prior to joining ISDA, Mr Ziff directed his own media and governmental affairs consulting firm, with a broad range of clientele in both the public and private sectors.

Included most recently has been work on behalf of the US Presidential campaign of Senator Paul Simon, and direction of a national programme for housing renovation, economic development and job creation for the Department of Labour.

New York Fed Bank names senior executive

DIRECTORS OF the Federal Reserve Bank of New York, the central bank for the US, have appointed Mr James H. Oltman first vice president and chief administrative officer.

He succeeds Mr Thomas M. Timlen, who elected to take early retirement from July 1.

Mr Oltman, 57, was formerly executive vice president and special counsel at the bank. In his new post, he will also serve as an alternate member of the Federal Open Market Committee, the central bank's top monetary policy-making group.

Commenting on the appointment, Mr E. Gerald Corrigan, president of the bank, said: "We are fortunate indeed to have someone of Jim Oltman's calibre and experience to assume the duties of the second ranking officer of the bank. I am confident that the bank and the financial community generally will benefit from Jim's efforts."

A 27-year veteran of the New York Fed, Mr Oltman served as its general counsel from 1979 to 1987, when he was named special counsel.

As the bank's senior legal officer, he was a primary co-ordinator in financial negotiations between various governments and central banks working towards the release of US hostages held by Iran in 1980.

IDB tuned up for global expansion

IDB Communications, Los Angeles-based suppliers of satellite transmission services, has named Mr Philip McInnes vice president, international business development.

From his base in Washington D.C., Mr McInnes will be manager and chief engineer, broadcast services. Prior to that, he worked for British Telecommunications International (BTI) as executive engineer, satellite operations.

Mr Sudikoff said: "The international telecommunications industry is undergoing substantial deregulation worldwide, which will open the door for increased competition and opportunities, allowing IDB to gain a stronger foothold in many foreign markets. Towards that end, Phil McInnes will be a wonderful asset to IDB. Phil possesses a wealth of knowledge and experience in international telecommunications."

IDB has reached an agreement with Soviet officials to build an earth station in the Soviet Union and to supply transmission services between the US and the USSR. In addition, IDB is building an earth station at The Teleport in New York, specifically to accommodate services on the new PAN-AMSAT satellite.

The company recently expanded its international audio transmission services to include a full-time transatlantic digital audio link between the US and the UK, and it supplies International Business Services (IBS) to and from locations worldwide. IDB has also supplied transmission services for television and radio remote broadcasts from locations all over the world.



Mr Philip McInnes

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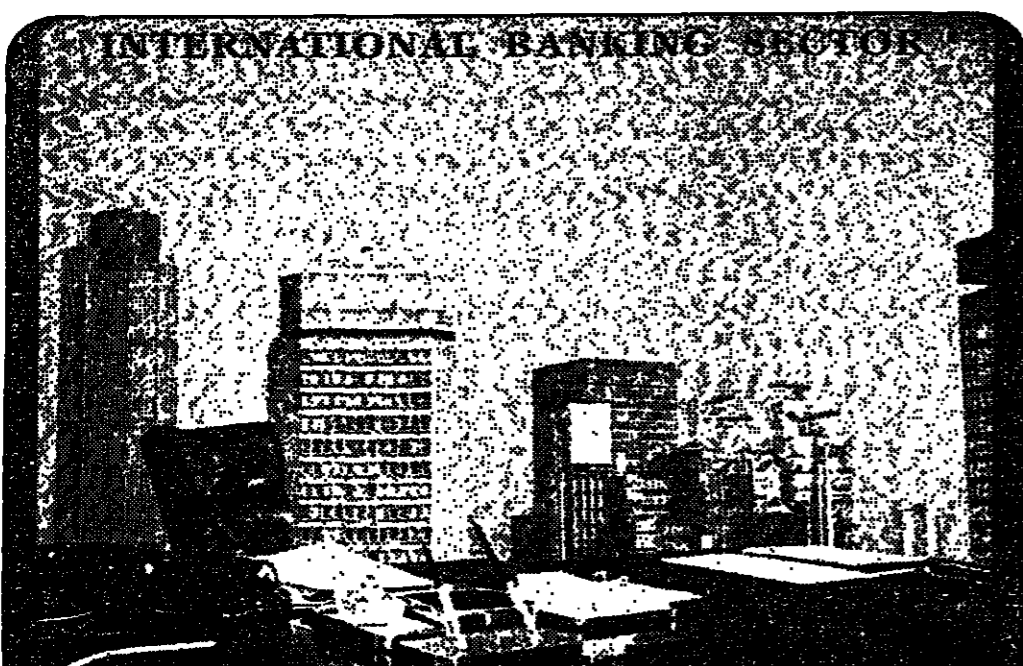
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A technically orientated ACA/ACCA with 2/3 years post qualification experience, an ability to communicate at all levels and at ease with 'state of art' reporting systems.

The successful applicant will be central to the development of accounting policy, acting as the focal point on all technical matters, and manage the introduction of computerised reporting systems throughout this international manufacturing group.

Prospects within the group for career advancement are excellent.

For further details contact:
Accountancy Personnel
13 Cavell Court,
North St.,
Peterborough,
Cambridgeshire PE1 2RA.
Tel: 0733 558517

DATA TRANSLATION STEP INTO SUCCESS!

Thames Valley **£20,000+Car+Profits**

Heading up the finance function for this rapidly expanding hi-tech manufacturer, you will be responsible directly to the US parent for management and development of monthly accounts and reports as well as budgets, forecasts, etc. Preferably qualified, but with a flexible, marketing-orientated approach; this could provide you with the ideal stepping stone from pure accountancy into general management.

For further details contact:
Accountancy Personnel
43 West St.,
Reading,
RG1 1AT.
Tel: 0734 591751

**REDDISH
SAVILLES**

FOOD FOR THOUGHT

North Cheshire **£20,000-£25,000+Car**

Reddish Saville is the only major British supplier of detergents and sanitizers to the world's food, brewing, beverage and dairy industries.

Their outstanding success is due to a total commitment to producing high performance products designed to meet the very specific needs of their diverse clients.

Their commitment to excellence extends to their finance function where they currently have an exceptionally challenging opening for a commercial accountant of the highest calibre.

As financial controller you will not only lead and strengthen the accounting team but also develop it, together with your role, far beyond their current boundaries.

Your success will be rewarded not only in terms of financial benefits but also with satisfying career prospects.

For further details contact:
Accountancy Personnel
29 Stamford New Rd.,
Altrincham,
Cheshire WA14 1EB.
Tel: 061-926-8605

HAMPSHIRE

Assistant Chief Officer Finance and Information

£21,400 - £23,600

The Hampshire Fire Brigade is looking for a dynamic individual to head the non-uniformed staff of the Brigade. Reporting directly to the Chief Fire Officer, this newly structured third tier post forms part of the Brigade management team and reflects the importance attached to the operational and preventive roles.

In addition to supervising the reference areas of finance, information technology and committee services there will be a personal responsibility for ensuring adherence to the legal, financial and procedural framework within which the Fire Brigade in particular and the County Council in general operate.

Key areas for early attention will be a review of financial systems to ensure optimum control and efficiency of a £17 million budget, and the further development of policy relating to the use of information technology.

Ideally a qualified Accountant, you will have relevant experience at a senior level in either the private or public sector. You will possess excellent financial, administrative and communicative abilities, along with the drive to make things happen.

This key post offers an attractive salary and superb working environment in one of the country's leading Fire Brigades. Other benefits include essential car user or leased car scheme and generous relocation assistance where appropriate.

We pursue a policy of equality of opportunity. Applications are particularly welcome from people with disabilities.

Interested? Please write or telephone for an application form and job description to: Mr. D. G. Jeffries, Personnel Officer, Hampshire Fire Brigade Headquarters, Leigh Road, Eastleigh, Hampshire, SO5 4S. Telephone: Eastleigh (0703) 620000, ext. 260. Ansaphone: Eastleigh (0703) 617238. Closing date: Monday 12 September 1988.

FIRE BRIGADE

Directorate Of Housing Services

FINANCE CONTROLLER

£14,241 - £15,417

(pay award pending)

A key job in an organisation which is currently working towards decentralising i.e. £21m. Maintenance budget to District Housing teams, and has a capital budget of over £40m to manage.

Candidate should possess a sound financial background but more importantly must demonstrate the ability to develop the use of personal and mainframe computer systems to improve management information.

We offer a competitive salary, car allowance, a 35-hour week with flexitime together with excellent pension arrangements. We positively encourage women, ethnic minority groups and people with disabilities.

For further information please ring John Cole, on 01-854 8888 extension 3766. Alternatively, write for an application form to: Director of Housing Services, London Borough of Greenwich, Peggy Middleton House, 50 Woolwich New Road, Woolwich, SE18 6HG. Tel: 01 316 6087 (Ansaphone).

Closing date: 16th September, 1988

OPERATIONS EXECUTIVE + 30K Package

HAMBRECHT TERRELL INTERNATIONAL; Architects and Interior Designers are seeking to recruit an administrator/financial controller to work for its successful London office.

Responsible for the efficient running of the U.K. office, preparation of management accounts, tax planning and investment funds.

The successful applicant should be a self-generating manager with a sound commercial mind. The position would suit a qualified accountant with 6-10 years experience.

Please send CV and present salary in confidence to:

**SENIOR VICE PRESIDENT,
HAMBRECHT TERRELL INTERNATIONAL,
37 GOLDEN SQUARE, LONDON W1R 3AA**

Newly Qualified Management Accountancy Appointments

For the first time on September 8th, 1988 the Financial Times proposes to publish a list of the Management Accountants who have been successful in the recent Stage 4 final examinations.

The heading will be "Newly Qualified Management Accountancy Appointments", and is an ideal opportunity to recruit Management Accountants with at least three years business experience.

The advertising rate will be £47.00 per single column centimetre with premium positions available by arrangement at £57.00 per single column centimetre.

For further information please contact:-
Louise Hunter
Appointments Advertisement Manager
on 01-248 8000 Ext: 3588

or your usual Financial Times Representative

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Finance Director

Manchester

£25,000+ Car

Our client is a rapidly expanding specialist manufacturing subsidiary of a major UK industrial group. They wish to maintain their position as an industry leader and are committed to expansion plans which include further acquisitions in addition to continued organic growth.

They seek to appoint a Finance Director to assume responsibility for the finance, data processing and company secretarial functions. In addition a significant contribution in the areas of commercial decision making and strategic development is expected.

Candidates, aged 35-45, should be qualified accountants possessing sound technical abilities and a record of success in senior management positions. In addition they should be able to demonstrate the personal and business skills required to progress rapidly into general management.

Interested applicants should contact Iain Blair ACMA, quoting reference 3055, at Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. Tel: 061-228 0396.



Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Deputy Group Taxation Manager

Greater London

£32,000+ Car and Benefits

The Company

The group is one of the UK's leading high technology companies with a turnover of over £1 billion. Operating in a fiercely competitive international market they have emerged as a world leader in their field. The company is firmly committed to a policy of growth and innovation.

The Role

The main function of this role is to provide an effective tax service to the group on a UK and worldwide basis. This will include compliance and planning work in addition to specific one-off projects. Ad hoc exercises will involve work on UK acquisitions/disposals and overseas projects, areas in which the group is particularly active.

The Person

This challenging role offers an ideal opportunity for a successful corporate tax specialist to make their first move into industry. Applicants should be ATII/ACA qualified and should be professional, energetic, have well developed communication skills and commitment to a career in taxation.

For further details please contact Vanessa Nelson at Michael Page Partnership, Centurion House, 136-142 London Road, St. Albans, Herts AL1 1SA or telephone her on 0727 65813.



Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Financial Controller

Sheffield

Highly Competitive salary + car

A key development role in a growth business

This is a significant challenge for a qualified Accountant to play a full and active part in achieving business objectives.

Steeley Quarry Products Limited is a major subsidiary of the \$470 million per annum turnover Steeley PLC and is one of the companies through which the continued expansion of its Construction Materials activities will be achieved.

As Divisional Financial Controller, you will report directly to the Divisional Managing Director and be responsible for the provision and management of an efficient, integrated accounting function. As a member of the Senior Management team, you will be fully involved in developing strategic policies, capital project appraisal and acquisition studies.

You should have substantial experience of financial control in a computerised commercial environment. Ideally aged 30-40, you are now looking for an opportunity to demonstrate flair, initiative and your full potential.

An attractive package includes company car, relocation assistance and highly competitive salary.

Please send a full CV or write in sufficient detail to render an application form unnecessary to: Denis Harris, Personnel Manager, Steeley Quarry Products Limited, Construction Materials Division, Kiveton Lane, Kiveton Park, Sheffield S31 8NN. Telephone: 0597 770581.



STEELEY
Steeley Construction Materials

Internal Auditors

a unique opportunity for experienced auditors with a foreign language

to £17K + Car + Benefits

Manchester (with foreign travel)

Based in the heart of the North West, our client is a multi-million international group and is currently expanding its activities in the UK and overseas.

The company is now looking to recruit two experienced Internal Auditors who will assume responsibility for a wide range of systems and operational auditing functions in both the UK and European subsidiaries. Reporting directly to the Corporate Auditor and based primarily in Manchester, you will be expected to travel extensively to sites in Germany, France and Italy.

You must have had previous auditing experience gained by working in a substantial organisation which utilises sophisticated systems. You should also hold a recognised accounting qualification - Chartered, Certified or Cost and Management - and will be affiliated to one of the professional accounting bodies.

An ability to communicate effectively, both orally and in writing, with all levels of staff from senior management to shop floor is of paramount importance. An accurate, dedicated and diplomatic approach to your work is essential. You will ideally be fluent in one or more European languages - French, German or Italian - but will probably be competent in at least two.

An attractive salary of up to £17K and a company car will be backed by the generous range of benefits associated with a major company including: all travel and expenses incurred abroad, contributory pension and life assurance scheme, BUPA and 25 days' holiday.

Please write with full career details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Elizabeth Perren, ref. EP/FT/10.

MSL Advertising

MSL Advertising,
Sovereign House,
12-18 Queen Street,
Manchester M2 5HS.

BUSINESS DEVELOPMENT AND FINANCIAL ADVISER

PROMOTING FAIR COMPETITION FOR BRITISH INDUSTRY

Glasgow £19,905 - £27,085

The development of the oil and gas resources of the UK continental shelf is an important element of the UK economy demanding a wide range of support services and goods. Ensuring that British firms are given full and fair opportunity to compete for this business is a major task which is undertaken by the Offshore Supplies Office.

We are now looking for a creative, innovative Business Development and Financial Adviser to take on a demanding role, providing advice to CSO on how it might assist UK companies to enter, or expand their existing interest in, the offshore market. You will also be responsible for pursuing joint ventures or acquisitions to improve UK capability in determined markets and assisting small businesses in creating a viable structure in order to develop and exploit important oil-related technologies.

You should possess a recognised accountancy qualification and several years' experience in the oil and gas or banking field. A working knowledge of company law and taxation combined with experience in devising financial packages are essential. Drive and initiative together with excellent communication skills are important qualities.

A salary range of £19,905 - £27,085 according to qualifications and experience, with further increments to £31,950 depending on performance, is accompanied by relocation expenses of £5000 where appropriate.

For further details and an application form (to be returned by 12 September 1988) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). Please quote ref. G7888.

The Civil Service is an equal opportunity employer

DEPARTMENT OF ENERGY

APPOINTMENTS ADVERTISING

Appears every Wednesday and Thursday

For further information call 01-248 8000

- Deirdre Venables ext 4177
- Paul Maraviglia ext 4676
- Elizabeth Rowan ext 3456
- Patrick Williams ext 3694
- Candida Raymond ext 3351

CHIEF accountant

Canon Lincoln is a successful company by any standards.

Behind our outstanding record in life assurance, unit trusts, mortgages and pensions lies an approach to business that's based upon flexibility and innovation.

These qualities distinguish all of our products and services. We'd certainly expect to find them in our new Chief Accountant.

To help us maintain our position at the forefront of the financial services industry, you'll need to combine them with a thorough understanding of financial and investment accounting, and sound experience of operating at a senior level in a related area of business.

You will take the initiative to ensure that our yearly accounts appear in a concise, approachable way so that everybody - our

own staff, and the financial sector at large - can appreciate our achievements.

An understanding of the fund management activity would be a useful asset, but an in-depth knowledge is not essential. What really matters is that you combine absolute professionalism with the dynamic, forward-looking approach that marks all Canon Lincoln's business.

If you do, you can rely on a salary c.£25,000, and benefits including a company car, mortgage subsidy, health insurance, non-contributory pension and substantial bonus.

To apply, please write with your c.v. to Bob Cox, Personnel Manager, Canon Lincoln, 1 Olympic Way, Wembley, Middlesex HA9 0NB, or telephone him on 01-902 8876 ext. 232.

CANNON LINCOLN
The Strength to Care

Head of Accountancy Services

We need a Finance Branch where the major part of the workload is concerned with the Pharmaceutical Price Regulation scheme. You will also be responsible for its management and for professional standards and training. You will contribute to Division policy and provide advice to the Department on professional and commercial accountancy matters.

You must be professionally qualified in accountancy (ICA, CACA, CIMA or CIPFA) with broad senior level experience in a professional office and in industry. An extensive experience of professional accounting and commercial matters is a strong requirement. Salary £21,835 - £29,835 (inclusive of £1750 Inner London Weighting). Starting salary according to qualifications and experience, with further increments to £33,310 depending on performance. Relocation assistance may be available.

For further details and an application form (to be returned by 7 September 1988) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). Please quote ref. G7888.

Department of Health
The Civil Service is an equal opportunity employer

FINANCIAL ACCOUNTANT

A small, acquisitive plc operating in the advertising and marketing services sectors seeks a bright, commercially aware young accountant to oversee its financial accounting function.

Reporting to the Group Finance Director, the successful applicant will assume responsibility for the preparation of monthly management and statutory accounts for five operating subsidiaries.

Joining a small head office team the position demands, in addition to sound technical ability, both the adaptability and highly developed communication skills required in a closely knit "hands-on" management environment.

The remuneration package will reflect both the nature of the job and the applicant's own experience. Please apply, in writing, enclosing a current CV and salary to:

Martin Rands, Group Finance Director,
Osprey Communications plc, County House,
10 Little Portland Street, London W1N 5DF

ACCOUNTS AND ADMINISTRATION MANAGER

HEMEL HEMPSTEAD

c. £20,000 plus benefits

To manage a department of 11 within a medium sized company manufacturing materials for the construction industry.

As the senior accounting role within the company, reporting to the Group General Manager we are looking for a Qualified Accountant with commercial experience in a similar environment. As a new IBM Compatible PC Network System has recently been installed relevant computer experience would be an advantage. The position involves the production of Budgets, Management and Annual Accounts information to tight deadlines.

The successful applicant will also be responsible for maintenance of all personnel records, and for the management of all administrative services at the Company's Head Office.

Interested applicants should send a CV for the attention of K. Haynes, at the address below.

BORAL

Personnel: Lytton Mansell,
Clarendon House, Clarendon Road,
Barnet Herts. AL5 2EY
Telephone: Hemel Hempstead (0462) 80331
Telex: 622063 POZZLYT G
Facsimile: (0462) 80896

DIRECTOR OF FINANCIAL SERVICES

UP TO £24,288 p.a.

A motivated Financial Manager is sought with a good track record in assisting successful implementation of local authority services and new developments.

This post offers the opportunity to work in a modern Local Authority (population approaching 110,000 and annual budget of £90m.), situated in an important Development Area of central Scotland.

The Council offers a full benefits package and the salary is due for review from 1st July 1988. Information is available from the Chief Executive, Morland District Council, Municipal Buildings, Dunbeth Road, Coatbridge, ML5 2LF (Tel. 0236 24841 ext. 200). Closing date for applications 9th September, 1988.

MONKLANDS DISTRICT COUNCIL
MANAGING PROGRESS EFFECTIVELY

CHIEF ACCOUNTANT INVESTMENT BANKING

£35K + CAR + BONUS + BANKING BENEFITS

The securities division of our client, a major International Bank, has traded profitably for several years in the major global markets. Continued business expansion has now created the need to recruit a key executive who will influence and implement the necessary changes that will ensure the smooth running of the division.

As a Qualified Accountant (late 20's - late 30's) you will be familiar with regulatory reporting requirements, management reporting, systems development, and be currently in a position where you have staff management responsibility - team building within the division will be an important aspect of the job. In addition...

RECENTLY QUALIFIED ACCOUNTANTS. c. £25K.

Our client also invites applications from newly Qualified Accountants (first time passes) with sound financial accounting skills who would like to embark upon a career in banking/broking.

Please apply in confidence by telephoning the retained consultants (RICHARD LOVERING OR ALASTAIR PRIMROSE) on 01-637 5277 or send a comprehensive curriculum vitae including salary history and daytime telephone number.

PRIORITY SELECTION LIMITED
1-3 Markins Street London W1N 7BH. Telephone 01-637 5277
Telex: 2992307 FENIG Fax: 01-636 6723

Management Accountant

West End Attractive salary + car

This client is the oil exploration and production division of a major International group with diverse interests. There is now an immediate requirement for a qualified accountant to join their small but professional team. The role will encompass budgeting, strategic planning, financial and management accounts. Ultimately the successful candidate will become involved in systems developments including modelling finance for major projects and taxation matters. Candidates should be qualified accountants, age indicator, 28-30, who feel that they could make an immediate contribution

in a demanding environment and who could progress within the organisation. A highly competitive remuneration package will include a fully expensed car. Interested candidates should send a resumé quoting ref: 225 or telephone: Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

APPOINTMENTS ADVERTISING

Appears every
Wednesday
and Thursday

for further information
call 01-248 8000

Deirdre Venables
ext 4177

Paul Maraviglia
ext 4676

Elizabeth Rowan
ext 3456

Patrick Williams
ext 3694

Candida Raymond
ext 3351

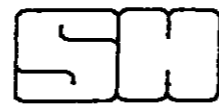
Company Secretary

c.£30,000 - £35,000 plus car.

Our client is a hotel-orientated property group based in central London. Specialising in serviced apartments and the development of luxury properties, this company has a portfolio of buildings in Kensington and Chelsea. They are now seeking an ambitious accountant with a strong commercial streak to co-ordinate their various activities. As well as exercising financial controls, you will become involved in all aspects of the business. Specifically, you will dedicate yourself to building a good relationship with the bank and local authorities, maintaining all statutory controls, forecasting and reporting to the Board on all financial matters, and maintaining ultimate control over the accounts department, recruiting and developing staff as necessary.

Applicants, aged 35-45 should be qualified accountants who can demonstrate exceptional interpersonal skills. You must also be a strategic thinker with a flexible approach. Previous experience in the hotel or leisure industry would be a definite advantage but is not essential. You should, however, have extensive experience of management systems, including a knowledge of computerised systems. Excellent opportunities exist for sustained career development. This opportunity would particularly suit those candidates who would like to build upon their financial experience and launch their career into more general management.

Please write, with full career and salary details, quoting ref. SHA. 1160 to Kelly Irondo at the address below.



Stoy Hayward Associates

MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA
A member of Harwell & Harwell International

JOIN LE RETAIL SET

Financial Manager

Age 25 - 30 c.£22,000 + Car

Le Set, based in Chelsea, is a revolutionary new retail concept, selling many of the world's most prestigious electrical products to some of the capital's most discerning and affluent consumers.

As an autonomous member of Thorn EMI, we have established a widespread reputation for elegance, sophistication and style. A young qualified "shirt-sleeves" accountant, seeking instant all-round business exposure, is now required to assist us in our expansion. Willing and adaptable, you will be keen to become involved in every aspect of the company's business.

Working closely alongside the Managing Director, you will relish the substantial challenge of commercially supporting this business as it grows. Your role will encompass an exceptionally broad range of responsibilities, including day to day control of all financial aspects, providing management information, systems implementation and development, financial planning and analysis.

Please write, enclosing full CV, quoting Ref: A169, to Ian R. Hetherington at Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Telephone: 01-488 4114.



FINANCE DIRECTOR

INTERNATIONAL CONSTRUCTION CIRCA £35,000 + EXECUTIVE CAR & BENEFITS - WEST LONDON

Our client is one of the UK's foremost International Construction Companies holding an impressive portfolio of achievements worldwide with an emphasis on high quality and large scale project capability. As a result of internal promotion within its parent Pte they seek to augment their executive team through the appointment of a Finance Director who will play a comprehensive role in the management and direction of its business as well as assuming the full functional responsibilities expected at this level of appointment. Stimulation and challenge will come from the wide spectrum of the client's modus operandi overseas from ownership of locally managed companies, through joint venture agreements or direct contract awards in the fields of comprehensive project management services, main or management contracting. Particular areas of expertise and input include:-

- ▲ PROJECT FINANCE ON MULTI-MILLION POUNDS PROJECTS
- ▲ TREASURY CURRENCY MANAGEMENT
- ▲ INTERNATIONAL TAXATION
- ▲ CONTRACT NEGOTIATIONS
- ▲ DEFINITION AND IMPLEMENTATION OF COMPUTER SYSTEMS
- ▲ PARTICIPATION IN STRATEGIC MANAGEMENT

Candidates must be chartered ideally ACA and be able to demonstrate success in a similar international project related environment. The appointee will head up an established financial team involved in the provision of budgetary, forecasting information and the production of both statutory and management accounts. Our clients seek therefore first class leadership qualities reinforced with strong analytical skills in determining action plans and developing financial awareness throughout the company. Preference will be given to those who can demonstrate a hands on approach to business and for a go-getter professional who is seeking prospects for career progression within a major Pte. Please write in strictest confidence, enclosing full career details, to Stephen Hill, FECL, quoting Ref. SDH.565.

Hill McGlynn + ASSOCIATES

RECRUITMENT CONSULTANTS

8a Carlton Crescent Southampton Hamptons SO1 2LZ

0703
229977

ASSISTANT to GROUP CONTROLLER

BUCKS neg. c.£25,000 + CAR

A major British manufacturing group with annual sales c.£80m seeks a strong but diplomatic young CA/CIMA/ACA in the probable age range 25-32 as a senior member of the finance management team.

The successful candidate will be clear thinking and analytical and should have a proven track record of 1-2 years systems experience including successful implementation as there is initially a 12 month systems task to be done.

Career prospects for someone who shows dedication and loyalty are FIRST CLASS and will be clarified to shortlisted candidates.

PARTNERSHIP ADMINISTRATOR LEADING LEGAL PRACTICE

AGE 30-40 c.£30,000

Our Client, a long-established and expanding practice, seeks to appoint a capable and innovative person to the above position. Reporting directly to the Senior Partner, the successful candidate will be responsible for the complete day-to-day administration and accounting functions, together with playing a significant role in the policy making and planning process.

Applicants, who will ideally possess an Accountancy qualification, will be able to demonstrate a successful career path in the fields of Accountancy/Administration/Company Secretarial, and experience from within a professional firm would be a decided advantage. Considerable autonomy will be afforded to appointee, and accent will be placed on both practical and conceptual skills.

Fringe benefits will include a Company Car and Pension Scheme.

To discuss this position in more detail, in confidence, please contact: ROD JORDAN (Managing Director)

RODAN MANAGEMENT LIMITED
14 DEVONSHIRE SQUARE, LONDON EC2 - 01-377 1189
RECRUITMENT CONSULTANTS

Accountant for Tourism

Special Projects

London base c.£25,000 + car

This is a newly created position in the tourism division of a major international group. The company is a market leader in its specialist field and is especially well placed for further expansion in this fast growing sector.

Reporting to the Director of Finance you will work closely with senior management on a variety of projects concerned with operational efficiency, financial control and the profitable development of the business. Investment appraisal, acquisition studies and systems reviews are some of the areas in which you will be involved. There will be frequent trips overseas, mainly to Africa but also to the Pacific.

Probably still in the profession and in your mid twenties you must be a qualified accountant with strong analytical and communication skills. An outward going personality is essential together with the flexibility and commercial awareness to grow with the organisation. The opportunities for career and salary progression are excellent.

Please write in confidence to John Cameron, quoting reference C933, at 84/86 Grays Inn Road, London WC1X 8AE (Telephone: 01-404 5971).

CAMERON · SIMPSON
Consultancy · Search · Selection

Planning and Distribution Accountant

Optimising supply costs through developing logistics

Nottingham

Boots, already at the forefront of distribution technology is making substantial investment in advanced on-line ordering and supply systems linked with EPOS and DFP. As part of our drive towards higher levels of achievement and profitability this new position has been created.

A fully qualified management accountant with drive, commitment and experience of the distribution industry, you will appreciate the significant commercial advantages, particularly for retailing, to be gained from effectively managing the total supply chain.

Working closely with senior management your knowledge of Logistics and integrated supply systems will enable you to evaluate the cost and service implications of new initiatives as well as analyse and report ongoing performance.

For someone with proven ability and ambition future career progression opportunities within the company are excellent.

The attractive salary and benefits package will reflect the seniority of the position and includes staff discount, profit sharing and, where appropriate, assistance with relocation.

Please write enclosing a full c.v. and current salary details, or telephone for a company application form, to: Peter Hampton, Recruitment Officer, The Boots Company PLC, Head Office, Nottingham NG2 3AA. Tel: (0602) 592321.

THE BOOTS COMPANY PLC



Financial Controller

Mid/late 20's

C. London c.£25,000 + car

This is an exceptional opportunity to acquire responsibility for the finance function in a young dynamic advertising agency which is the founder and still the core activity of a plc group engaged in an aggressive policy of organic growth and acquisition. Opportunities for career development are therefore varied and significant. The initial role involves responsibility to the Finance Director for managing an experienced department of 12 people operating modern systems of accounting and financial control. This is an informal but professional environment where there are real opportunities to contribute commercially rather than just as a "scorekeeper". Qualities of leadership and communication therefore count for more than precise experience although an accepted accounting qualification is seen as essential. Ref: 1667/FT. Write or telephone for an application form or send full details (with a day-time telephone number and current salary) to R.A. Phillips, ACIS, FCIL, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter

Selection Consultants

Financial Accountant

Central London c.£25,000 + car

BONSAL LIMITED, is one of the UK's leading microcomputer dealers and distributors, supplying quality PC equipment, peripherals and software.

We are recruiting a Financial Accountant who will be 'number two' in the department, reporting to the Financial Controller. Your overall objective will be to produce management information which is timely, accurate and reflects the requirements of all end-users - both within and outside the department.

You will be a qualified ACA, perhaps seeking your first move from the Profession, and be in your mid/late twenties. You should be able to lead, motivate and communicate with staff at all levels.

Bonsal is enjoying a period of rapid and successful growth, and will continue to do so. In joining an expanding company, the successful candidate can look forward to excellent career prospects.

Please write, with full and detailed CV, to:

Mr. Kieran Best, Recruitment,
Bonsal Ltd.,
112/116 New Oxford Street,
London WC1A 1HL.



JOHN SWIRE & SONS LIMITED



RECENTLY QUALIFIED ACCOUNTANT

The Head Office in London of this international group is seeking a young qualified accountant, or finalist awaiting results.

The successful applicant will be responsible for the Head Office accounts department, undertake the preparation of statutory accounts, budgets and management accounts for a number of companies and assist with the Group consolidations.

A computerized accounting system has recently been installed and a number of database and financial information projects are in the course of development, in which the successful candidate will participate.

A computerized accounting system has recently been installed and a number of database and financial information projects are in the course of development, in which the successful candidate will participate.

A competitive salary plus a car is offered. The Company operates a subsidized mortgage scheme, a bonus scheme and provides excellent pension benefits.

Write in confidence to:
L.C. Bevilacqua, Personnel Manager
JOHN SWIRE & SONS LTD.
Solihull House, 39, Backhams Lane, London SW1E 6AJ

A direct line to the executive shortlist

To secure the best appointments at a senior level needs more than good advice, accurate objectives and a successful presentation. InterExec not only provides career advice, but also a unique service to bridge the critical gap between counselling and the right job. Why waste time and money on unproductive letters? InterExec clients do not need to find or apply for appointments. Over 50 full-time staff with over 5,000 unadvertised vacancies p.a. enable InterExec to offer the only confidential Executive placement service. What is each unproductive day costing you?

For an exploratory meeting without obligation, telephone InterExec on 01-250 5042.

A member of the Career Development & Outplacement Division

Landau House, 19 Charing Cross Road, London WC2H 0ES.



FOR ACCOUNTANTS

ACCOUNTANT/COMPANY SECRETARY

GOOD SALARY AND BENEFITS INCLUDING CAR, PRIVATE MEDICAL SCHEME, EXCELLENT PROSPECTS

A rapidly expanding private company operating from London NW4 and specialising in the marketing of electronic publishing equipment requires an experienced Accountant/Company Secretary. Reporting to the Chairman and Board, the appointee will be responsible for the financial control within the company preparing budgets/projections, cash flows, monthly management and year end accounts plus all legal matters. 'Hands on' computer experience is essential for the position. There is a probability of a Board appointment within 2/3 years.

Applicants must be qualified accountants. Age will be no barrier to the appointment (38-50 preferred.)

Please reply with full CV to: Box A8972, Financial Times, 10 Cannon Street, London EC4P 4BY

GROUP ACCOUNTANT

CHARTERED ACCOUNTANT

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MANAGEMENT: Marketing and Advertising

Council of Europe recommendations and satellite broadcasting could together make a drastic impact on both TV advertisers and viewers

The UK defends its commercial breaks

Nothing has provoked such militant opposition from Britain's commercial broadcasters, advertisers and advertising industry as the threats from the Council of Europe and the European Community to ITV's system of "natural breaks" television advertising.

An intensive campaign is now being waged against a Council of Europe draft convention that would drastically reduce the number of advertising breaks on Britain's commercial television channels.

Douglas Hurd, the Home Secretary, has indicated that he will reject the convention unless it is modified, but he is anxious to secure a European agreement on trans-frontier broadcasting.

The Independent Television Association (ITA) claims that if the West German proposals - supported by Belgium, Greece, Portugal and the Netherlands - are adopted, "the financial base of commercial broadcasting in the UK will be seriously undermined."

Tony Vickers, chairman of the ITVA sub-committee dealing with the issue, says the plan would increase the cost of UK television airtime by a minimum of 6 per cent, but quite possibly by double or treble that figure.

There is concern, too, about the effect on the development of satellite broadcasting.

And, it is claimed, the effect on the British viewer who, in numerous polls, has shown a growing attachment to present TV advertising practices, would be far from beneficial.

The Article 14 proposals call for only one commercial break in feature films, and none in made-for-television films, documentaries and serials, which are shorter than 45 minutes. Longer programmes would contain one break only for each 45 minutes.

No advertising breaks would be permitted during news, current affairs, religious and children's programmes of less than 30 minutes, though a restricted number of breaks would be allowed in programmes of 30 minutes or more.

The worthy intent of these rules is to minimise the inter-

ruption of programmes and give viewers a better deal. But the effect in Britain, the ITVA argues, would be disastrous. Advertisers would face the prospect of having their advertisements lumped together mainly between programmes - perhaps up to 12 minutes of advertising, as is the case in West Germany now.

British viewers, weaned on short, sharp commercial breaks, it is said, would react by switching off or turning to other channels. Advertising impact would be greatly reduced.

The alternative - probably equally unacceptable to viewers - might be to encourage a larger number of shorter programmes, lasting perhaps 20 minutes, to provide more frequent advertising breaks; or more quiz shows which are exempt from the restrictions.

Research by the ITVA into one typical week's programmes in June showed that, if the proposed rules had been in force, the television companies would have lost 5 per cent of advertising time. There would have been 35 per cent fewer mid-programme breaks, and the number of short breaks, under 2 1/2 minutes, would have been reduced by 45 per cent. The lost advertising time could have been recouped, but only at the cost of a 35 per cent increase in the number of long (3 1/2 minute) breaks.

The total audience would have been reduced by 6 per cent. Peak time ABCI adult audiences would have fallen by 14-16 per cent, though ironically, given European concern about advertising to children, the volume of advertising in the early evening would have increased by 10 per cent.

Programme promotions, only recently increased in an attempt to raise audience levels, would have been reduced by some 27 1/2 minutes.

Vickers says the implications of adopting the proposals are clear. "The advertiser would obtain less value for money. The viewer, who is content with our present system, would face the boredom of long blocks of advertising."

If programme schedules were changed to accommodate the new rules, a decline in bal-

anced scheduling would reduce audiences and, in turn, make ITV less attractive to advertisers. Revenue would decline and there would be less money for making programmes.

"The sensible solution must be to adopt a simple formula allowing advertising breaks to be inserted at the discretion of the broadcaster, as long as the integrity and value of the programme is not prejudiced," says Vickers.

The entire British advertising industry - the Advertising Association, the Incorporated Society of British Advertisers, the Institute of Practitioners in Advertising, and the Association of Media Independents - has rallied behind the ITVA in pressing the British Government to pursue such a solution when Ministers meet in Stockholm in November to ratify the Convention. And advertising agencies and media independents are extending the campaign into continental Europe through their networks of subsidiaries and allies.

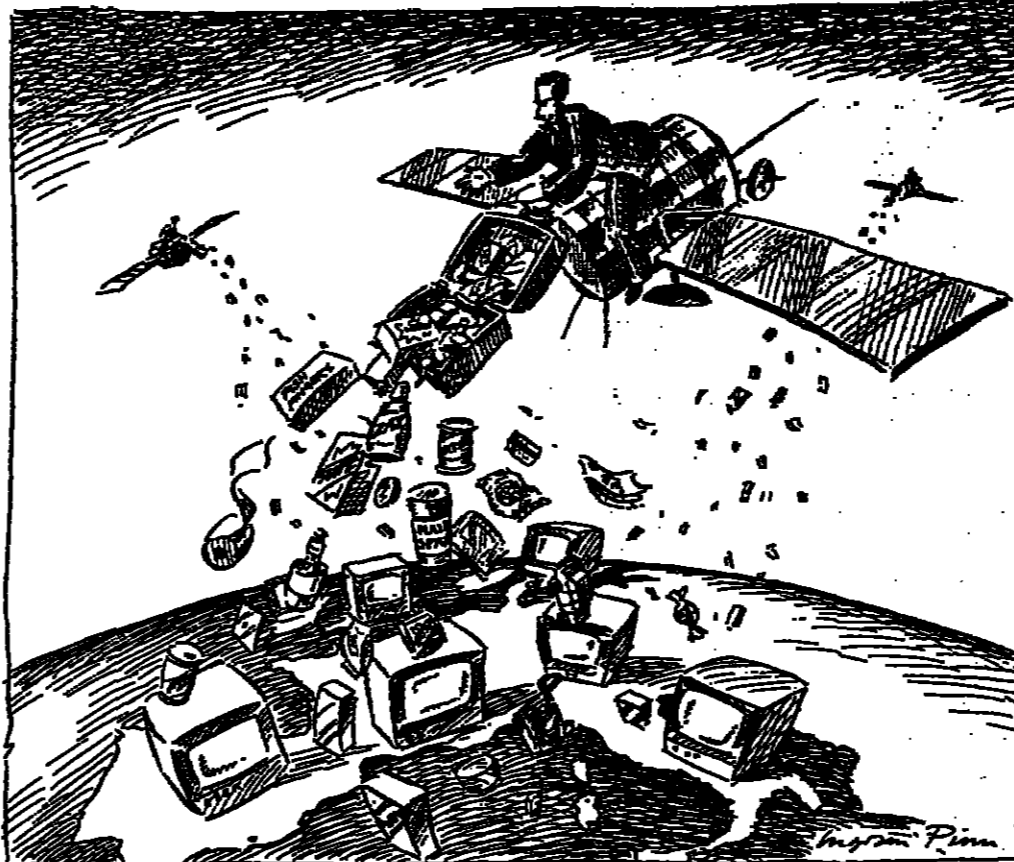
France and Italy are currently adopting a neutral stance. Ireland, Luxembourg and Spain are lining up behind the UK.

If the British Government does not sign the Convention, its provisions will not apply in the UK - but that does little at the moment to ease the fears of commercial broadcasters and advertisers. For substantial backing from other countries for the draft proposals would, they believe, almost certainly lead to the insertion of similar provisions in the European Community directive on broadcasting, which Brussels is eager to put on the statute books of member states.

The draft directive, deadlocked and unlikely to make much progress this year, at present provides for mutual recognition and tolerance of television advertising systems in member states; and the EC Commission appears inclined to continue to allow the UK its natural breaks.

But since the directive would be binding, no chances are being taken on Brussels suddenly getting some fresh ideas from Stockholm.

Philip Rawston



Nordic resignation

The Nordic governments seem resigned to the possibility that the growth of satellite broadcasting will leave them with little means of controlling what their native populations see on the screen.

For the restrictions which currently apply to conventional TV cannot easily be applied to satellite broadcast, especially once cheaper receiving dishes become available to Nordic households.

Instead, they hope that the Council of Europe, which is discussing the question of satellite advertising, will come up with a convention which bans alcohol and tobacco advertising throughout Europe.

At present, advertising on television in the Nordic countries is subject to strict regulations, but in some areas there are already signs of these being relaxed.

Finland already has commercial slots on state-run television (a commercial TV company buys air time from the national TV and then pays for it through advertising).

Starting this autumn, Danish TV will carry advertising. Satellite broadcasts from, for example, Sky and Super Channel are available in the Nordic countries and the Scanast Broadcasting Group, which is based in London, broadcasts commercial TV3 to homes in Sweden, Denmark and Norway via cable.

In none of these countries are the foreign advertisements submitted in the local language - the exercise is seen as too costly and impractical, though EC regulations in this area would affect Denmark, the only community member.

However, there are restrictions on what kind of advertisements may be carried. Alcohol (with the exception of light beer), and tobacco advertisements are banned in all four countries.

In addition, Finland bans advertisements targeted at young children - for example, for the My Little Pony toy.

In Sweden, the authorities have greatly relaxed their attitude to advertising on satellite/cable stations in view of the fact that they have not witnessed the explosion in commercials that they initially feared. When TV3 started operating at the beginning of 1988 it understood that there

were to be no advertisements "directed at Swedish viewers" - which effectively ruled out advertisements with prices quoted in Swedish kronor, in the Swedish language, or listing Swedish outlets.

However, TV3 says the regulations have recently not been so strictly enforced, with the result that it has been able to carry advertisements from Swedish companies such as Trygg-Hansa, the insurance group, directed at Swedish consumers.

But the problem remains: what happens if a satellite station transmits advertisements which break the regulations? The Swedish authorities say this would automatically lead to the cable company which carries the programme losing its right to transmit. But they realise that with direct reception (ie a satellite dish per household) there would be no way of stopping viewers inside Sweden from seeing such advertisements.

While there is an awareness of the problem, there seems to be very little public discussion - perhaps in the hope that the European Council will reach an agreement and solve the problem.

Sara Webb

The Dutch divide

The Netherlands is one of the world's last bastions against TV advertising, but the defences are crumbling under assault from technology, advertisers and the European Community.

Dutch television broadcasting was founded on the notion that it should serve the public interest and not be dependent on commercial advertisements for financial support. The relatively small amount of revenue from TV adverts - Fl 310m (£36m) - is channelled through a government agency and then distributed to the various broadcasters.

The amount of total TV broadcasting time allowed for advertising is very small - less than 5 per cent, compared with the 15 per cent average in Europe - and is severely limited to certain spots. Also, TV commercials are subject to cumbersome approval procedures and are vulnerable to the pressures of Dutch Calvinism. Commercials are forbidden on Sundays and are clustered mostly around news programmes. In a peculiarly Calvinistic quirk, advertisers of confectionery must put a toothbrush somewhere in the picture and show only children older than 14 years.

A further sign of the heavy official hand was the ban imposed in 1984 by the Culturo Ministry on foreign TV programmes that carried Dutch subtitles or contained adverts aimed at the Dutch audience.

Since then the ministry - which is responsible for broadcasting - has dropped its ban on subtitles under pressure from the Dutch courts and Brussels. But the ban on adverts aimed at a Dutch audience remains in effect.

Last April the European Court in Luxembourg ruled that the advertising ban violated the Treaty of Rome; but the ministry has yet to make a move toward changing the law. The European Commission has threatened to issue a warning to the Dutch Government if it does not move soon.

Pressure is also being brought to bear by Veecal, the cable TV operators' association. It plans to file a suit in Amsterdam in an effort to get a Dutch court ruling in line with the one from the European Court. That could be filed as early as next month.

Technology lobbed the first salvo against the TV advertis-

ing ramparts. About 80 per cent of Dutch homes are wired for cable TV so when satellite broadcasting into the country began several years ago it quickly spread.

Sky Channel, Rupert Murdoch's satellite TV channel, and Super Channel, the other leading UK satellite broadcaster, posed the greatest threat in terms of advertising.

In 1985 the Dutch advertising industry launched the first legal attack on the foreign advert ban. Two industry associations filed suit in hopes of proving the two bans violated Dutch as well as European law. The Dutch Supreme Court found the subtitle ban in violation of the constitution, forcing the ministry to drop it when it brought in the new media law. The Dutch court then referred the other ban to the European Court, which ruled last April.

The advertising industry now wants two things: an end to the foreign advert ban and expansion of TV advertising time. Pent-up demand for spots is estimated by the industry to be more than twice what is currently available - Fl 600m instead of the current Fl 310m. On the other hand the government agency in charge of selling time estimates excess demand at Fl 400m to Fl 500m.

Another Fl 400m to Fl 500m in revenue from Dutch advertisers goes to Sky Channel and Super Channel. Sky and Super have already begun showing adverts aimed at a Dutch audience in line with the European Court ruling. But Veecal wants a definitive ruling from a Dutch court to absolve cable operators from responsibility for legal infringement.

Under the new media law, TV advertising time will be expanded to 5 per cent of all broadcast time as from January 1 1989 and the advance time needed for government approval of ads shortened to three days instead of 14.

But the industry wants 10 per cent of broadcast available for commercial spots and more flexibility. It argues that greater freedom is needed to place spots between programmes.

Recognising what would be officially and socially unacceptable, however, the industry has yet to ask for spots in the middle of programmes.

Meanwhile, advertisers maintain that more price differentiation in broadcast times is desirable. Several categories now exist but more are needed, they say.

Laura Raun

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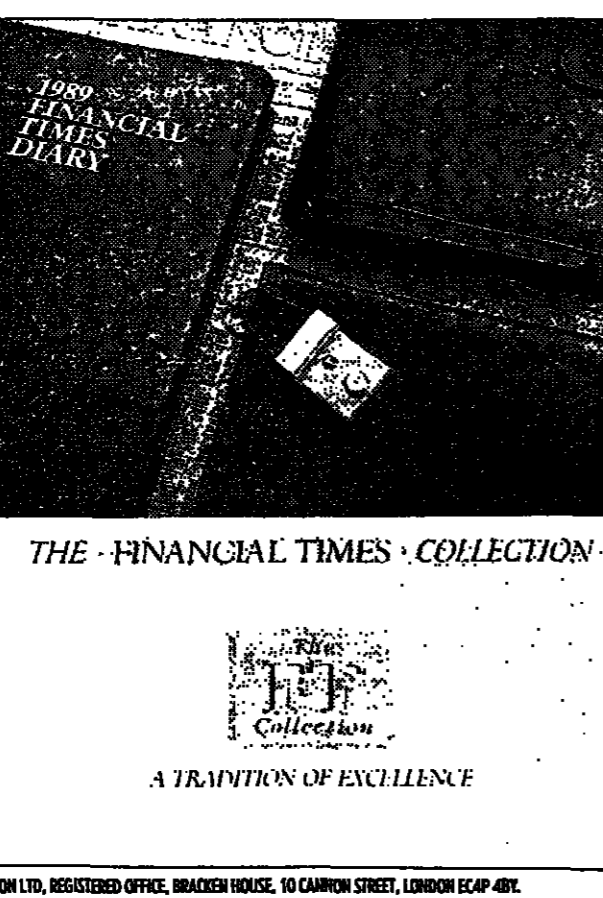
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Series 9, 13, 18, 22, 25 and 26
comprising the bond numbers
10 001 - 11 250
14 001 - 16 250
21 251 - 22 500
26 251 - 27 500
30 001 - 32 500 of US\$ 1,000, each

38 501 - 38 625
39 001 - 39 125
39 751 - 39 750
40 126 - 40 250
40 501 - 40 750 of US\$ 10,000, each

in the nominal amount of total US\$ 12,330,000, have been drawn for redemption on October 1, 1988 in the presence of a notary public.

The bonds drawn shall be paid at par on or after October 3, 1988 upon presentation of the bonds certificates with coupons due October 1, 1989.

a) outside the United States of America at the head offices of the banks listed below in accordance with the Conditions of Issue:

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Schweizerische Eidgenossenschaft, Zurich
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Austrian-Rustonian Bank N.V., Amsterdam
Banca Commerciale Italiana, Milan
Generale Bank, Brussels
Kreditbank S.A., Luxembourg
Société Générale, Paris
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b) in the United States of America at
Bankers Trust Company, New York

The bonds drawn will cease to bear interest as of the end of September 30, 1988. The amount of missed coupons will be deducted from the principal.

The convertible value of the coupons due October 1, 1988 will be paid separately in the usual manner.

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Paris, in August 1988

CAISSE NATIONALE DES TELECOMMUNICATIONS

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ARTS

Drawing on the strength of a community

The nearest thing to Coventry Street in the south of England must surely be Beck Road in Hackney, East London. A grim, narrow street, unrelieved by any planting, the continuous facade of grimy brickwork cottages masks the animation of creative life behind the scenes. The street is divided by a railway bridge, with the brick piers and arches disappearing into the houses on either side with surreal impracticality, as in a painting by de Chirico. The artist community of Beck Road lives on the other side of the railway tracks.

The 42 artists are part of a group who settled in short-life studio housing in Hackney during the 1970s under the auspices of ACME Housing Association. ACME is a charity which finds properties earmarked for redevelopment, assists artists in renovating them and manages low-rental studio-houses for artists, under licence from the owners. In the 1970s there was a stock of housing awaiting demolition, but the supply has dwindled to nothing.

Now the opportunity to buy the group of 25 houses in Beck Road from the Inner London Education Authority has been negotiated, and is urgent in the light of the ILEA's imminent demise. What is remarkable about the scheme is that the Beck Road Arts Trust intends to buy the properties in a group, to hold them in trust for the future use of an artistic community. The trust has rejected the notion of each householder negotiating with the ILEA for individual purchase, with the possibility of houses being dispersed into the commercial housing pool. The scheme is a new conception of arts support linked with inner city regeneration, and could be a model for the future - if the artists can find the money.

Artists have been in the business of renovating old warehouses and industrial properties as studios for a couple of decades, stimulating the market into copy-cat development. London's Wapping and St Catherine's docks were the first to be "revived" with the priced-out artists relocating in Poplar and Limehouse. Studios are expensive to maintain (even though many artists take part-time jobs to pay the rent, or time-share studio space), so the ACME concept of studio-housing has proved popular.

The artists living and working within short-life housing have converted part of the houses into studio space, without affecting the residential

status of the properties. This is an important consideration, because local authorities, wary of the effect of property speculation in warehouse conversions on local employment, are reluctant to convert Class Three industrial use buildings into residential and office use in small-scale developments.

Beck Road is still a very modest affair in terms of property values or residential desirability. Starting with a grant of £750 from ACME for essential repairs (the near derelict houses had outside toilets, no bathrooms, and only partial wiring), the trust group set about making the miserable hovels habitable in the 1970s. It took Mikey Cuddihy nine months to fix her house by herself, with a little help from the pooled skills of other artists. It has no central heating and is cold and very damp; repairs have only been cosmetic.

ILEA agreed to the scheme initially, she believes "because artists are practical people." Five years ago, when it became obvious that the houses had

'The idea of losing our homes is all-pervasive and underscores our lives. It is frightening to contemplate'

been consolidated through persistent self-help, the landlords repaired the roofs of some of the worst properties and put in damp-courses.

The backs of some houses look on to a partially-used car park, intended to service a complex of light industrial workshops built two years ago with a central government grant by Hackney Council. The workshops have remained empty. The converted studios of Beck Road, however, are active with artists involved in painting, photography, design and illustration, and making pots and films. Most residents support themselves by part-time jobs such as teaching, house repairs and decoration, making dresses or working in art galleries.

The claim of the Arts Council that the arts community generates jobs becomes manifest when looking at the Beck Road community. And it is very much a community: supportive, well integrated with the other local residents, and willing to "pitch in" to ensure its continuity. "Because we have a vision of what we would like to be," says artist/teacher Sandra Porter, "we manage to have a better cul-



Alison Turnbull (front) with fellow members of the Beck Road community

tural standard of living than many people on a higher income." Nevertheless, the "higher cultural standard" is only maintained by a heroic acceptance of below-minimum-standard living conditions, hard work and isolation.

For some artists there is not much hope of recognition in the fiercely competitive art world; others in Beck Road have already achieved national standing. Debbie Duffin has just published a booklet through ACME, *Organising Your Own Exhibition: A Guide for Artists*. Mikey Cuddihy has been exhibited at major venues in Britain and abroad. Helen Chadwick was short-listed for last year's Turner Prize, and her slide-projection work *Three Houses: A Modern Moral Subject*, commissioned by the Arts Council for the Hayward Gallery Art History exhibition in 1987, was concerned with the imminent collapse of the Beck Road community. "The thought of losing our homes is all-pervasive and underscores our daily lives. It is frightening to contemplate," Maureen O. Paley has put

generated such momentum that she is poised for change or expansion, and is toying with the notion of a "New Museum." "It's not all about a heavy budget. What is needed is a certain visionary zeal."

Beck Road is a model self-help community: generating jobs, incomes and futures out of reject material, and pointing the way to new concepts of self-perpetuation for the artistic community. The Trust needs to raise £500,000 through donations to purchase the 25 houses from ILEA for £1.5m, raising the balance from long-term capital investment and borrowing, financed from the rents. The repaired and converted houses will be assigned to artists on long and short-term residencies (up to ten years), and there are plans for other initiatives to keep this unique community going.

Enquiries to: Jonathan Harvey/David Panton, ACME Housing Association, 15 Robinson Road, London E2 9LX.

Deanna Petherbridge

Birth of a moral hypocrite

EDINBURGH FESTIVAL

Joining the Israeli Tmna-na company in the Assembly Rooms, George Street, the Georgian Film Actor's Studio from Tbilisi maintain the high internationalist standards this week on the fringe. Their production of Molière's *Don Juan* is a major event, one that should surely have graced the official programme.

This most interesting of Molière's plays has an intriguing post-war production history. Nobody really touched it before Louis Jouvet's 1947 revival. Hastily written in 1664, it appears fragmentary and disjointed.

These qualities have recommended it to the modern theatre, radical interpretations ranging from Brecht's adaptation to a recent Italian madison version in which the Don descended not to hell but to civic gangsterism.

Most Molière heroes are studies of moral hypocrisy in action. *Don Juan* shows the birth of such a character, and the short, sharp scenes of working class tribulation are ideally suited to the Georgian style we best know from the Rustaveli Theatre. In fact, the director, Mikhail Tumanishvili, was the tutor and predecessor of Robert Sturua at that great establishment, and we now see clearly his influence upon it.

Finney has been imposed on this play. Despoiling from the ground up helps, with the Commendatore appearing through a hatch in clouds of smoke, an interpolated prompter worrying and scolding from a sunken pit, philosophers' busts and paintings strewn around the stage.

The mood is richly Italianate, the Don inhabiting an artist's studio of hanging cloths and, way above, a battery of female attire suggesting hundreds of discarded models and mistresses, of whom Elvira is merely the latest.

Recognisable Rustaveli hallmarks, such as an underpinning bebop jazz piano score, and the Don's fine singing (snatches of the Mozart opera), and contagious but utterly truthful emotionalism of acting, solve the "hittiness" problem.

The staging is remarkable in its simple, expressive ingenuity. The shipwreck is done with a boat on a bare stage, the Don promising himself, simultaneously to Chlotilla and Mathurine on a seasaw across the upturned hull.

This is a brilliant sequence. So is the episode of the avenging brothers. The Don saves Carlos, who does not recognise him, from robbers, and Alonso bullies Carlos to kill their sister's seducer. Carlos refuses, and the pair squabble in russet finery, crossing swords and exiting while locked in hilarious dispute.

The play, often a series of hints, is thus energised throughout. Nineli Chankvetadze making of Elvira a vindictive, bunswoman who, in her fourth act repentance is hysterically exploded with a frantic removal of layers of petticoat and a brandished knife.

The play needs this sort of treatment to release it. Some commentators have already applauded the company's outrageous liberty-taking. But no liberties are taken except in devotion to the play's meanings and ambiguities. The central duet of the adventurous libertine and Sganarelle, his prophetic and much abused accomplice, is unfortunately animated by the devilishly languid Zorab Kipshidze and the wretchedly vigorous comic Amiran Amiranashvili.

This is one of the world's great Molière productions and should not be missed. It runs



Sorcha Cusack... an outstandingly moving performance in *Bagdady* by Frank McGuinness

at the Assembly Rooms until August 27, but do read the play in English or French before you go. No translation from the Georgian, or synopsis in English, is provided.

The Edinburgh Festival fringe is increasingly the domain of the stand-up comic, the solo baroque, the bar-room babbler as monodrama. A powerful reminder of the true poetic dignity of the one-man play form is provided at the Traverse in Sorcha Cusack's outstanding and deeply moving performance in *Bagdady* by Frank McGuinness.

First performed in Dublin by Maureen Toal in 1965, the eponymous tramp shuffles around near the river and unpacks her burden of memory

'Don Juan is one of the world's great Molière productions and should not be missed'

and neurosis in that peculiar half-crazed manner of the generous and resentful outcast. What McGuinness, Miss Cusack and director Jude Kelly have captured with high fidelity is a conversational, confessional tone pitched somewhere between muttering and beheading.

Cusack materialises out of a black city cuspit creaking with industrial walls and moans like a walking grey jumble sale, raiments gathered in a pile on her head in mockery of a more consciously sultanate fashion.

With a pack of cards and a bottle of "orange" she conjures the lost world of domestic unhappiness with her mother and father, peering through windows, searching

for graves, going to weddings and funerals and finding burnt babies.

Her tale unfolds as a summary of a Catholic childhood, her condition a sad fulfilment. She professes cleanliness, but displays filth. She craves company, but rejects solicitous approaches. Scion of a famous theatrical family, Miss Cusack's protestations of being her father's daughter are particularly poignant. She looks and sounds more like Cyril in the minute.

The family of one flesh and the Catholic liturgy are chillingly invoked, punishment the corollary of devotion. After a ritual libation and an amazing costume adjustment, the bag lady becomes a priest, an old white wedding dress converted to an alb, the muttering to liturgical incantation.

Another Traverse hit is Manfred Karge's *The Conquest of the South Pole*, translated from the German by Tinch Minter and Anthony Vivis, and well directed by Stephen Unwin. Five urban urchins enliven dead routines by enacting Amundsen's expedition in their own back yard.

This is a really beautiful play, interweaving stunted ambition with impossible fantasy. A climactic arrival on the dining room table in full climbing gear is followed by one of the "explorers" to the Job Centre.

A vacancy on an icebreaker is not the same as one with a nice baker.

It will be interesting to see how Unwin's production expands to fill the Royal Court in London, where it is scheduled for later this year. Meanwhile, look now for *Bagdady*, which is coming to Riverside Studios in Hammersmith on September 14.

Michael Coveney

The Caucasian Chalk Circle

BLOOMSBURY

The National Youth Theatre's tremendous track record both in artistic achievement and in its triumphant battle to survive leads to expectations pitched exceedingly high. It may be that a pre-London run in Newcastle has staled the young company, but the opening of their Bloomsbury season hardly made up in vigour or excitement what Edward Wilson's routine production lacked in imagination.

In the presence of the company's patron, Prince Edward, and vice-president Ian McKellen, besides an audience of ex-

cellent and distinguished well-wishers, and enjoying sponsorship by Sainsbury's, Brecht launched the summer *stagings* which will include *Lorca* and *Shakespeare* until the end of September, with time out in Edinburgh for Eliot

The team is stronger in men than women. Among the many small roles the distasteful side is deficient in projecting words and personality. Important lines go lost. Both sexes are stilted in tone and prone to mis-stress and odd emphases.

Brian Lee's designs are a plus: blue sky flame-fused,

fragmented masonry, skeletal timber frame. Colin Sell, a familiar name from radio, provides music for accompanied speech, songs and declamatory recitative. Occasional snatches of minor-key melody or Turkish-delight orientalism break up a meandering, tuneless idiom that adds little and intensifies nothing.

The first 30 minutes are hard going. Without wishing to be unkind, a critic must gently deplore principal performers of mechanical woodenness and shallow feeling who gabble their lines and display little

interest in or comprehension of their part. In a company that has known Helen Mirren, Paula Wilcox, Julia Swift and Diana Quick, this simply will not do.

There is always Azdak, and mercifully Oliver Sontson raises the temperature of the second part of the play. Naturally too young, he is temperamentally robust. If physically lightweight, whole-hearted but technically controlled, and leaping out of the dull context at a genuine, generous theatrical presence. Others who look as if they know what a stage is for

and quite like it include Michael Gunney's singer-narrator, Daniel Craig as Grusha's soldier savior, and Anna Niland's sextop Ludovica, the alleged rape victim who, decides judge Azdak, must have asked for it (how about that for compensation, feminist?). The idiom that adds little and intensifies nothing is provided by Max Zapf Toys, and Cumifloam is acknowledged in the programme which nowhere identifies the excellent musicians (MD Helen Ireland). Not one of the NYT's great occasions.

Martin Hoyle

ARTS GUIDE

EXHIBITIONS

London
The Royal Academy, *Cézanne - The Early Years 1859-72*. A concentrated and illuminating study of the formative period of one of the greatest artists of the 19th century and one of the seminal figures of the modern movement. Although he came to greatness in his middle and later years, his early period, far from being inconsiderable as had been generally supposed, is now revealed in all its complexity and contradictory quality. Ends August 21.

Paris
Centre Georges Pompidou, *The Fifties*, taking over Beaubourg for three months. The post-war creative dynamism of the Fifties is represented by cars, comics, music, cinema, literature, industrial creation and - on the fifth floor - by visual arts. The great figures of Matisse and Picasso open the exhibition with works in black and white; neo-chronies by Yves Klein and Mouton close it. There are statues by Giacometti, mobiles by Calder, and lyrical abstraction by Hartung and De Kooning. *Whim* expressing the School of Paris with the School of New York, the exhibition equally draws attention to some of their parallel developments. (42.77.13.53). Closed Tue. Ends Oct 17.

Amsterdam
Curtis Museum at Monuments, sold in museums and Metro stations, enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles Palace.

Netherlands
Amsterdam, Tropenmuseum. The arts and crafts of Indonesia, illustrated with more than 500 objects in bronze, bamboo, textiles and precious metals spanning 2,000 years of cultural history. Ends August 21.

West Germany
Cologne, Ronsch-Germanisches Museum, *Caesar's Glass*. This exhibition is the most important display of Roman glass ever staged. It covers the period from the traveller Richard Burton and 17th century Turkish ceramics complete the exhibition. 23 Quai Saint-Bernard (46.34.25.26). 2 pm to 9 pm, closed Mon. Ends Sept 18.

Italy
Venice, Palazzo Grassi, *The Phoenicians*. The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attempts to give a complete picture of this extraordinary people, who dominated trade in the Mediterranean for over 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. The exhibition has been given a highly theatrical presentation by the architect Gio Ponti. Sarcophagi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs room, model ships stand immobile in a slipping artificial lake, and a huge polystyrene wave engulfs a Phoenician wreck. Many of the 1,300 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and ivory) are extraordinarily beautiful and the 750 page catalogue, published by Scipioni, is excellent. Until Nov 6.

Switzerland
Martigny, The Glémis Foundation is showing the second part of treasures on loan from the Sao Paulo Museum, entitled *From Monet to Picasso*. It is especially rich in Rembrandt, from society portraits and little girls in

frothy lace and pink and blue satin, to a fleshy nude, Van Gogh, is well represented with 470 different works, including 100 hand-scapes with tormented trees. There is Cézanne's portrait of his wife, a Tahiti scene by Gauguin, and Matisse's *Marie Lafleur* riding side saddle and looking as seductive as Bonnard's appealing nude or Degas' dancers. (53978). Ends Nov 6.

New York
American Craft Museum. An ambitious exhibition traces the history of American architecture back to the turn of the century, and emphasises the work of artists like Tiffany, Lurie and Louise Nevelson who were commissioned to add art to the architecture. Ends Sept 4.

Pierpont Morgan Library. Over 300 items from the life and art of Beatrix Potter show the evolution of the artist and her work. Included are the 100 watercolours, discovered only months ago, to Noel Moore that became the basis of Peter Rabbit, and the entire sequence of 22 watercolours from the Tailor of Gloucester, lent by London's Tate Gallery. Ends Aug 21.

Washington
National Gallery. More than 50 masterworks, from the superb 18th-19th century collection of Munich's Alte Pinakothek, include paintings by Rubens, Rembrandt, Titian, El Greco and Van Dyck. Ends Sept 5.

National Gallery (East Wing). To mark the 300th anniversary of the first Swedish colony in North America, the exhibition covers four Swedish monarchies

in the 16th and 17th centuries and shows Sweden as a resplendent and aggressive world power through objects and 100 paintings on loan from the Royal Treasury, the National Museum and the royal collections. Ends Sept 5.

Chicago
Art Institute. Photographs by Josef Sudek. Using his native Prague as the background, this avant-garde photographer, who died in 1978, captured the lyrical quality of the Czech people and the country's beautiful landscapes. Ends Sept 5.

Art Institute. More than 50 Dutch and Flemish 17th century masterpieces from the Hermitage in Leningrad, including works by Rembrandt, Rubens, van Dyck and Frans Hals, kick off a collaborative effort by US and Soviet museums. Ends Sept 18.

Tokyo
Teien Museum, Meguro. Masterworks from Europe. As a result of the strong yen, Japanese collectors, both public and private, have been on a spending spree recently. This exhibition draws together some recent acquisitions and, though aimed mainly at Japanese children, it provides an opportunity to assess current Japanese taste in Western art. This seems to be basically conservative, with an emphasis on Impressionism and Post-Impressionism. The 69 works on show range from Renoir at his most sentimental to late Picasso Bichromes and a selection from Matisse's mighty Jazz series. The museum has a superb Art

Deco interior and a pleasant garden. Closed August 24. Ends September 4.

Museum of Modern Art. The Image of Man in Modern Japanese Art. Individualism is not generally admired in Japan, so portraiture in the sense of the portrayal of individual psychology, is not part of the artistic tradition. However, in modern times, a number of Japanese painters have grappled with this problem with varying degrees of success. This exhibition features portraits and other works in which the human figure is predominant - all executed within the last 100 years. Closed Mondays. Ends September 9.

Biczer Museum. A pictorial diary and other works by the early 19th century master of the Ukiyo woodblock print, Utagawa Hiroshige. Ends August 28.

Santury Museum. Chinese glass - the famous Glin Ziyao (1644-1917) from the collection of American businessman Robert H. Clague. The works range from simple incense burners, bowls and gourd-shaped vases in translucent coloured glass to elaborate showpieces imitating jade or porcelain that make virtuoso use of techniques in which Chinese craftsmen were particularly skilled, such as carved relief and coloured overlay. Closed Mondays. Ends August 28.

Japan Folkcraft Museum (Nihon Mingeikan), Komaba. Crafts from India. The museum is in an old Japanese farmhouse building which accords perfectly with the unselfconscious beauty of the objects. Closed Mondays. Ends September 26.

August 12-18

Songs of Awakening Love

ALBERT HALL

The London first performance of Michael Berkeley's *Songs of Awakening Love* provided the centrepiece of the Prom by the City of London Sinfonia under Richard Hickox. A substantial tripartite song-cycle, nearly 30 minutes long, this is one of the more ambitious assignments of a composer often associated (not always justly) with lightweight fluency. I found, on first hearing, that it failed to add up completely; but of Berkeley's craftsmanlike skills, and his ability to produce music that sounds grateful, sings gratefully, and is "about something," there was no cause for doubt.

Two initial urges were evidently fed into the creative process. The first - which seems successful in its fulfilment - was to write music which captures the qualitative essence of Heather Harper's soprano, its radiance, freedom of movement, and delicacy of timbre. (Miss Harper was in amazingly fresh, free voice; isn't it long beyond time for this singer to be declared a national treasure?) The characteristics of the voice-and-chamber Britten's Frank Bridge Variations (untidy moments at first, sparkling string virtuosity later) and then Bridge's own *Interludes* There is a willow grows aslant a brook.

The other urge was to recreate in music the passionate love-poetry energies of 20 19th-century women poets, Elizabeth Barrett Browning (one of whose *Sonnets from the Portuguese* provides the first song) and whose "How do I love thee?" (the last) and Christina Rossetti (whose "My heart is like a singing bird" supplies the more lightly-moving middle movement). The other two poems are long, and intense, and Berkeley is stretched to keep the dramatic momentum going throughout. There is much sensitively invented detail - the introduction of spiky, jumpy cross-accentuation is done with apposite vividness, and the octave-unison support of the voice in the final song creates a feeling of lyrical contentment - but the development longer line of the individual songs and the overall structure seems less certainly conveyed. The balance of the work feels not quite centred.

I should add that *Songs of Awakening Love* came as the third item in an overlong and ill-planned first half, following Britten's Frank Bridge Variations (untidy moments at first, sparkling string virtuosity later) and then Bridge's own *Interludes* There is a willow grows aslant a brook.

Max Loppert

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Mr Bush's big gamble

IT IS QUITE remarkable how in this presidential election year the Democrats are behaving like Republicans, and vice versa. This has a lot to do with expectations of winning, which the Democrats now think they can win. Mr Michael Dukakis as their candidate, and which the Republicans fear they will not without Ronald Reagan as theirs.

Thus, out of Atlanta a month ago marched a Democratic party united almost to the point of blandness, at least by its own exotic standards. It possessed a centrist standard bearer, a number two of sober men chosen mostly for tactical electoral reasons and a party platform so short and uncontroversial that it would not even have warranted a footnote in the previous declaration of principle framed by its once-dominant liberal wing.

For Republicans, the tune out of New Orleans is very different. For whatever George Bush, the certain nominee, may personally stand for, the party's hand leader is its ideological right wing. As was to be expected, it paid the fondest of farewells to its hero, President Reagan; more surprisingly from a tactical standpoint, it adopted a lengthy party platform containing almost all the controversial social causes dear to the right which have not been implemented in the Reagan years; and, finally, it has inducted Mr Bush himself to choose a political product of the Reagan revolution, Senator Dan Quayle of Indiana, as a running mate.

Discernible reasons

It is easy to discern both the principal and subsidiary reasons behind the selection of Mr Quayle. If the republican right wing, with its formidable money-raising and organisational talents, is turned off by Mr Bush alone, it may be reassured by Mr Quayle's presence. As, once again, the minority party in the nation at large, Republicans generally benefit from a low voter turnout, but there is an irreducible minimum level of support which must be maintained and which needs the right wing. By the same token, the Democrats cannot afford to have their discontented progressives staying home en masse, which is why a kind of peace has been agreed with the Reverend Jesse Jackson.

The inevitable geographical imperative also applies. The Midwest is going to be decisive

Training: the next priority

A MUCH IMPROVED system of training for employees will be vital if British companies are to close the productivity gap which still separates them from many of their international competitors.

As the Organisation for Economic Co-operation and Development noted in its annual report on the UK economy, published this week, one of the major forces behind the remarkable recent growth in labour productivity has been employers' determination to abolish outdated restrictive practices, by introducing multi-skilling and worker flexibility.

This process has some way to run. Gains can still be won from introducing single grades of skilled workers and from giving supervisors more of a managerial role. The productivity gains will come from organising work more effectively, to make the greatest use of the extra flexibility which is available.

Yet the danger with reliance on this route to higher productivity is clear. At companies which have taken a lead in introducing labour flexibility there will soon be few productivity gains to be had from abolishing old demarcation lines, simply because most of the old practices will have gone. Ford UK's factories, for instance, will have working practices comparable to the best available in the UK than in West Germany or Belgium.

The determination that employers have shown in ripping up outmoded labour practices will have to be redirected in the next few years, towards the goal of creating a skilled workforce.

The White Paper on employers' training to be published this autumn by Mr Norman Fowler, the Employment Secretary, is a welcome development. So too is the appointment to the chairmanship of

The death yesterday of General Zia ul-Haq, ruler of Pakistan for the past 11 years, throws an internationally sensitive buffer state on the borders of the Soviet bloc into a degree of political uncertainty and potential turmoil which has not been seen for more than a decade.

Since 1977, President Zia has dominated the politics of Pakistan. First as military ruler and then as president, he gradually brought to one of the world's poorest countries a degree of political stability that astounded even his critics and opponents.

His removal from the political scene comes at an extremely sensitive time, both for Pakistan's domestic politics and for the situation in Afghanistan, where Soviet troops are now half-way through withdrawing. He leaves a vacuum which it will be difficult to fill. There is no one in Pakistan of sufficient political stature, experience and guile to follow him and to lead his sometimes politically volatile and under-developed country.

So he will leave a void. Within Pakistan, opposition groups will want to take advantage of the opportunity to cause unrest. This could well lead, however, to a fresh coup by other generals.

On Afghanistan, the complex balance of power has been dramatically changed. President Zia was among those most opposed to the continued rule in Kabul of the Najibullah government. He was the most important supporter of the Mujahedin guerrilla forces; his death removes the Mujahedin's leading champion and the US's most reliable ally against Soviet aggression. Pakistan has traditionally provided the arms routes to the Mujahedin. It has come under strong attack from the Soviet Union - most recently in the past few days - for allegedly continuing to do so following the recent Geneva accord on Soviet troop withdrawals.

Others in Pakistan believe that support should be withdrawn from the Mujahedin to give the fighting in Afghanistan a better chance of stopping - and enable some 3m refugees in Pakistan to return home. Such views will now be more likely to prevail.

As a relatively new Muslim country, created when the Indian sub-continent was freed from British rule in 1947, Pakistan has not yet developed a self-confident national identity nor formed a stable democratic political base. Its army took over early in the young nation's life. President Zia's decision three months ago to oust the elected government of Mr Mohammed Khan Junejo,



John Elliott examines the prospects for Pakistan after the death of its President

After Zia, the threat of turmoil

The Prime Minister, confirmed that the army had decided to stay in control behind the scenes. If he had lived, President Zia would have faced a major challenge this November in elections which he had called to replace the Junejo government. Ms Benazir Bhutto, daughter of President Zulfikar Ali Bhutto, whom President

Zia ousted from power and then hanged in the late 1970s, was spearheading an opposition challenge which could have posed problems to him, despite serious divisions among opposition leaders. It would have been impossible for Ms Bhutto and President Zia to rule together as Prime Minister and President, so a clash was in prospect if she had won.

Over the years, President Zia proved himself increasingly to be a master strategist at domestic politics and international diplomacy. He deflected and defeated his opponents, whether they were members of the natural political opposition, ambitious generals, or even politicians in foreign countries, like the US, who objected to the continued support the US was giving to the Zia regime following the Russian occupation of Afghanistan in 1979.

Economically little permanent solid progress was made during his 11 years in power. There was a growing superficial prosperity based on foreign aid, the earnings of Pakistanis working in the Middle East and the illicit profits of a rampant drug and gun trade, plus widespread and growing corruption.

Social unrest increased, especially in the rebellious southern province of Sind and in Karachi, Sind's provincial capital and the country's main commercial centre.

"Zia is a benevolent regime. It shows teeth but doesn't use them," one leading industrialist said recently, reflecting the general view that the President was far from harsh after his early years in power.

"But the result is a weak corrupt government. On paper the economy is over-regulated, but in practice you get round everything and live at standards well above what the country can afford."

The government does not have the will or self-discipline to start an austerity drive which is needed. The problem is that Pakistan's governments believe the evil day will never come, that they will be constantly protected and saved by lucky harvests, remittances and foreign aid.

That sums up the legacy of the Zia years - relative political stability, but prosperity based on an ephemeral economy. The harsh problems ahead, especially because the future of generous US aid, amounting to \$4.05bn over the coming five years, might be put at risk by the Soviet withdrawal from Afghanistan.

It cannot be said that President Zia was a bad leader for his country. But, like all military rulers, he did not know how to design his own exit and pave the way for successors. He would almost certainly have liked to have retired gracefully to play golf on courses in northern Pakistan.

Yesterday that exit was cruelly achieved and a poor country, at the altar of international tensions on the borders of the Middle East and South Asia was pushed back to the brink of a new era of uncertainty and unrest.

An opposition divided and mistrustful

General Zia's death finds the opposition to his rule stronger than it has been at any time since he took power 11 years ago. That does not necessarily mean, however, that the opposition forces are well placed to take advantage of the power vacuum caused by his death.

In recent months, Gen Zia's long-time supporters, the right-wing religious party Jamaat Islami, entering the fray as its main enemy, the Pakistan People's Party (PPP). The Supreme Court had lifted the ban on political parties. And an unpopu-

lar budget had traders on strike and the business community hammering at the President's door.

The opposition groups, however, trust each other no more than they trusted Gen Zia. Their ability to mobilise popular unrest is limited. People have been fired on once too often and their most recent experience of democracy under former Prime Minister Zulfikar Ali Bhutto ended in severe disappointment. Today they are much richer and freer than they were 10 years ago.

The PPP's leader, Benazir Bhutto, is the daughter of the man whom Zia deposed and later hanged. After Gen Zia's death was announced, she told reporters: "Life and death is in God's hands and we have to accept it."

"We in the PPP and in the opposition are prepared for whatever we can do to ensure that this process remains stable and constitutional as much as possible." The army was put on alert in Karachi, Pakistan's biggest city and prone to rioting. But there were no immediate reports of disturbances.

A flying leap

Was Horacio Domingorena pushed or did he go of his own accord? Like much of the confusion surrounding the deal between SAS and Aerolineas Argentinas, the state-owned airline, it depends on whom you listen to.

Perhaps the only certainty in the affair is that, last week, Domingorena was president of Aerolineas and that today he is not.

Domingorena says he presented his resignation to Argentina's president Raul Alfonsin yesterday. According to Rodolfo Terragno, Minister of Public Works, however, Domingorena was sacked last Friday after sounding off about the terms of the deal.

Domingorena and Terragno, the minister responsible for privatisation, have not exactly seen eye to eye on the matter. Domingorena, a former Education Minister in the last democratic government and a close friend of president Alfonsin, is no enemy of privatisation. But he had serious doubts about the SAS deal which he dismissed as a cheap sell-off.

Terragno has his own reasons for pushing the deal through. Aerolineas is not just the national flag-carrier; it also carries the flag for President Alfonsin's privatisation programme.

According to Terragno, SAS will pay \$100m in cash for their share in Aerolineas. Domingorena says the actual price agreed is \$156m of which only \$20m will be real honest-to-goodness loot. The rest will come from juggling Argentine government-issued paper.

Domingorena was excluded from all stages of the negotiations after being asked to sign the original letter of intent. So out of touch was he with the pace of events that on August 11, the day the deal was announced, he discour-

OBSERVER

aged the suggestion that a date was imminent for the finalisation of the deal.

The deal, which still has to go through Congress, is full of little mysteries. Why were the Scandinavian embassies in Buenos Aires totally excluded from all stages of the talks? Why does the Argentine government think that Copenhagen is a suitable hub airport for Argentines, most of whom head for Italy or Spain?

Finally, why has Domingorena, at the advanced age of 70, chosen to resign rather than stay on in a reasonably comfortable sinecure? According to some who have no particular reason to like him, there is a solution to that conundrum. He may just be one of those people in Argentine politics who occasionally puts principle before party or profit.

Sugar looks east

Alan Sugar, Amstrad's enterprising boss, has been telling anyone who will listen that he is determined to turn the UK electronics group into a truly international concern. Sugar now appears to be bending his personnel policy to that goal by importing into the UK as his special assistant Callen So, one of the team which made Amstrad's Hong Kong office a linchpin of its operations.

She was one of Amstrad's first employees in the Far East when she joined the Hong Kong operation in 1971 as a 19-year old secretary. Lack of qualifications has never been a block to advancement in Sugar's empire. He left school at 16 and began selling aerials from the back of a van two years later.

Callen So has been Amstrad's sales and marketing



director in the Far East, where the company sources all its products. She has been responsible recently for some of Amstrad's tentative moves to open up sub-contract business in China.

The company is being a little coy about what she will be doing in its Brentwood headquarters, but there is talk of her working on long-term projects designed to integrate Amstrad's overseas sales subsidiaries.

Epic tales

Lovers of great literature need not worry. The works of Leonid Brezhnev and Konstantin Chernenko are not, after all, coming off the bookshelves. Officials at the Soviet Ministry of Culture yesterday denied a letter in the govern-

ment newspaper Izvestia which had said that the writings of these late giants of Russian prose had fallen victim to glasnost and been removed from libraries.

"This is an incomprehensible mistake," said the head of the ministry's library section. "The Culture Ministry never made such a decision."

Apparently the letter's author, a librarian in the Crimea, had been misled by a wrongly interpreted ministry's instructions to make room for new works. Let's hope that glasnost has reached the Crimea.

By George

The chant "Where Was George?" launched by Senator Edward Kennedy at the Democratic Convention last month referring to the Republican candidate's disputed war record has started a trend. Even before President Reagan endorsed his Vice-President on Monday night with the ringing declaration "George was there," buttons started appearing saying "Here's George."

The Republicans have now responded with "Who's Miker" buttons in reference to the George Bush's equally charismatic Democratic opponent.

These buttons and other items, such as official party champagne (selling at 35 per cent over the normal list price) and a gold commemorative coin limited with the president's likeness costing \$1.99, are sold by officially designated vendors.

Alain Cass

Extract from a hotel leaflet in a Bangkok hotel with a list of do's and don'ts for guests. "Please do not associate with solicitors around the hotel."

BOOK REVIEW

Tolling the bell for the party

When Bertrand Russell visited the Soviet Union in 1920 his enthusiasm for the Bolshevik Revolution was quickly abated. Bolshevism methods, he wrote, were an intolerably expensive way of achieving something which had little to do with socialism. The most likely outcome, as he saw it, was an ebbing of revolutionary ardour and the emergence of a moderate regime which would sacrifice ideology to production and would make its peace with whichever industrialised nations were willing to help in the work of reconstruction.

Stalin proved him horribly wrong. Yet perhaps he was not so wrong, after all. Had Bukharin and his allies won their battle with Stalin, the Soviet people might have arrived, more rapidly and painlessly, at their present stage.

Was Stalinism really necessary for the rapid transformation of an illiterate peasant society into a highly literate, skilled urban one? Was Stalin an essential factor in the accelerated industrialisation of the Soviet Union? — to put the question in its contemporary form — can Mikhail Gorbachev achieve the rapid transformation of a society and an economy barely through their first industrial revolution into an economic superpower without resorting to Stalinist coercion?

Most of the analysis of the Soviet Union's first 70 years — the analysis which it does the inertia and resistance to change of the system and its people, the failures of post-Stalin attempts at reform, and the stagnation of the Brezhnev years — would suggest that he cannot. This, says Moshe Lewin, Professor of History at the University of Pennsylvania, is because most analysts have focused on the state's institutions and economy, neglecting Soviet society, with its complex sub-cultures and counter-cultures, its attitudes and expectations, and the profound changes that have taken place independently of the political leadership.

Lewin depicts a constantly changing society which has accommodated surprisingly smoothly to industrialisation, and to the massive mid-century shift from village to city. By the late 1930s, he points out, the urban population was growing by 10 per cent a year; in that decade it swelled from 26.5m to 53.1m; and by the late 1950s it had reached 130m.

The last three decades have seen the creation of, on average, 22 new cities every year, the number of cities with 100,000 or more inhabitants rising from 125 in 1959 to 251 in 1980. Equally fundamental changes have been taking place in the structure of the labour force. By 1959 the peasantry had been replaced by a working class of predominantly skilled and semi-skilled labourers; the next two decades saw the emergence of a professional class and an intelligentsia.

Gorbachev, indeed, may seek no more than to broaden endorsement of, and hence to reinforce, the party and its leadership. But where Lewin is surely right is in his insistence that the days of revolution imposed from the top are past, and that the nature of the Soviet Union will continue to be determined less by individuals than by the people.

Margaret van Hattem

THE GORBACHEV PHENOMENON: A Historical Interpretation

By Moshe Lewin

University of California Press, 475 The Green Road, Guildford, Surrey, GU1 1JT (22s.95)

The political impact of mass education, Lewin suggests, has yet to be fully understood: its contribution to rising expectations; to an increasingly critical attitude towards, and growing disillusionment with, those in power; to growing criticisms about official sources of information, including the mass media; and to the growth of informal structures and information networks.

The fact that attempts in the 1960s to de-Stalinise and reform were frustrated is less significant, Lewin suggests, than the fact that there was no re-Stalinisation. The Brezhnev years, although now referred to in Moscow as the "period of stagnation," saw society in general undergoing the profound evolution of public opinion as a political force.

To speak, as Lewin does, of "a public clamour for a say in decisions that affect the nation's course," and of a "public demand for the autonomy to organise in defence of local interests," and personal opinions would seem an overstatement; but in identifying the need for a new relationship between people, party and state, reflecting the profound changes in Soviet society, he is on firmer ground.

Where does this leave Gorbachev and his plans for economic reform and the demop? Lewin is cautiously optimistic: "If Gorbachev perseveres for two or three more years and continues to implement the changes he wants," he predicts, "the bells will have tolled for the old party."

Perhaps... but the pressures from the grass roots do not all take the direction Lewin suggests. There are many who yearn for the restrictions and certainties of the past. Gorbachev has been most discreet in specifying what he means by "democratisation" and the political liberalisations Lewin envisages — "an influential role for public opinion, a lively press and uninhibited electronic media, open debate in the party," with a shift of power to the soviets and occasional use of referendums — sound a rather feeble death-knell.

Gorbachev, indeed, may seek no more than to broaden endorsement of, and hence to reinforce, the party and its leadership. But where Lewin is surely right is in his insistence that the days of revolution imposed from the top are past, and that the nature of the Soviet Union will continue to be determined less by individuals than by the people.

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A few months of political inspiration to curb a credit-fuelled consumer boom. Pretoria has been forced by a looming balance of payments crisis to impose a package of credit restrictions and import surcharges.

South Africa's economy

Adding a new hair shirt to the strait jacket

By Anthony Robinson

South Africans have been given a hair shirt to wear under the strait-jacket of an economy doomed to low growth by apartheid-induced distortions, the rising costs of "security" and the effects of sanctions and disinvestment.

The timing could hardly have been worse, less than three months before millions of voters from all ethnic groups are due to go to the polls in municipal elections on October 28. The results could further weaken an already shaky Government. The right-wing Conservative Party is confidently expecting to make gains, while blacks are expected to show their refusal to accept Pretoria's imposed solutions by abstentions.

The Government hoped that a consumer boom would improve its electoral chances. Similar considerations led the Government to raise Civil Service pay by 40 per cent in 1987 to ensure a favourable vote in the referendum on the proposed tricameral constitution.

The result that year was a consumer-led mini-boom, against the background of a declining gold price. It culminated in a post-1987 emergency package in July/August 1988. This pushed prime rate to a record 25 per cent and ushered in a steep recession - and two years of violent black revolt.

Given the high costs of past boom-to-bust policies the monetary authorities vowed to act promptly to head off a repeat performance once money supply, balance of payments and inflation indicators started flashing warning signals earlier this year. But because of this year's reluctance to sanction a slow-down it did not happen promptly or firmly enough.

An initial one point rise in Bank Rate to 10.5 per cent on March 9 was followed by another one point hike a month later; commercial bank prime rates rose to 15 per cent. With inflation at around 13 per cent this meant that real interest rates - negative for months - finally became positive. These higher rates were accompanied by a 20 per cent rise in hire purchase deposits.

The package was inadequate to dent a sharp surge in consumer spending which took off towards the end of the third quarter of 1987. It was fuelled by a rapid increase in credit-financed private expenditure, which soared 28 per cent in the first quarter of this year.

The net result was a R5bn (21.2) surplus in imports over the first six months of 1988 against the background of a declining gold price and flat exports. The first half trade surplus plummeted to R3.4bn from R7bn in the first half of last year. Meanwhile, the latest preliminary money supply figures for June indicate that M3 rose nearly 25 per cent from the same month last year, well outside the target range.

Pretoria hopes that last weekend's package will curb domestic demand and shave imports by around R1.5bn in a year. It is made up of higher petrol prices, tighter hire purchase terms, a new schedule of import charges of up to 60 per cent on many consumer and industrial products and a limit of R300,000 on the repatriation through the commercial rand of profits and dividends on emigrants' frozen funds.

To some extent this is a belated closing of the stable door. The horse, in the form of damage to the balance of payments and the reserves, has already bolted. The reserves fell by nearly ten per cent or R540m in June to R5,650m and the Reserve Bank had to pledge over one million ounces of gold to raise foreign exchange through gold swaps. The decline continued in July when reserves dropped a further R28m. In dollar terms this brought the gold and currency reserves down to just under \$2.3bn, a 28 per cent drop from the \$3.17bn at the end of 1987.

According to Dr Gerhard de Kock, Governor of the Reserve Bank, the current account improved over the second quarter, reflecting the belief of some economists that the import boom was petering out under the influence of a 14 per cent decline of the rand over

the first seven months of this year.

The problem is that pressure on the current account has been compounded by a serious deterioration on capital account. In addition to official debt repayment of over R500m in June, in the second quarter there was a further capital outflow of around R1.5bn.

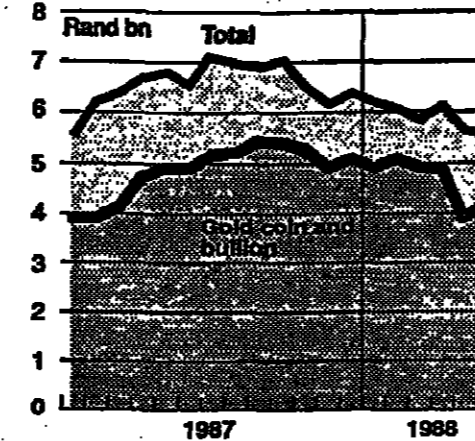
Political and financial factors both played a part. Political confidence was sapped by the three day work strike by millions of blacks in early June in protest against "union-busting" labour laws and the February ban on 17 anti-apartheid opposition groups. This was accompanied by an international outcry against the government's handling of the Sharpeville Six and the Mandela po concert.

Both focused world attention on South Africa's repressive internal policies - undermined by the re-imposition, in a harsher form, of the state of emergency on June 10. This coincided with the rising dollar, higher UK and other interest rates and the declining gold price to put further pressure on the rand.

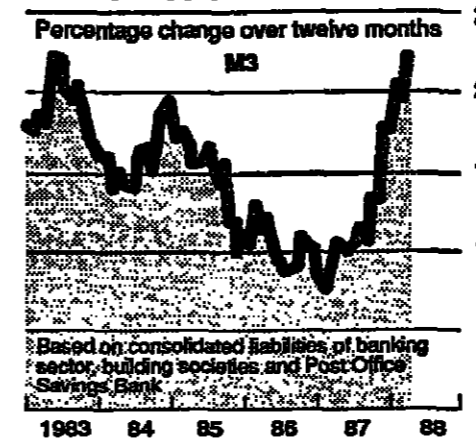
The latest austerity package underlines the fact that as a political parish state the South African economy cannot expand faster than three per cent a year without coming up against balance of payments constraints - falling a sharp and unexpected rise in the gold price or a similarly unlikely improvement in the terms of trade. (South Africa is still mainly a primary producer dependent for 80 per cent of its hard currency earnings on the export of gold, diamonds, platinum and other minerals.)

South Africa's problem, says Dr de Kock, is that it has been forced to play the economic game without a back-stop.

Gold & foreign currency reserves



Money supply



Balance of payments current account	Rand million				1987		1988
	1st qtr	2nd qtr	3rd qtr	4th qtr	Year	1st qtr	
Merchandise exports	23,882	24,468	24,810	27,424	25,146	26,300	
Net gold exports	18,390	17,043	17,911	17,824	17,792	18,530	
Merchandise imports	-26,409	-27,370	-28,817	-30,684	-28,320	-36,780	
Net service and transfer payments	-8,631	-8,305	-8,424	-8,504	-8,466	-8,460	
Balance on current account	7,232	5,836	5,480	6,060	6,152	-410	

Seasonally adjusted annual rates Source: S. African Reserve Bank * 1988 2nd qtr total: 960

Ever since foreign banks refused to roll over credits and ran for the exit in August 1985, South Africa, already bereft of new IMF and world bank loans for political reasons, has been deprived of new bank credits, apart from a few trade related items. "As a result we have no alternative but play safe and run a current account surplus, even though that means lower growth and employment," said Dr de Kock.

What the last 12 months of accelerating growth have shown is that anything over three per cent growth is incompatible with the kind of surpluses required to honour the March 1987 three-year debt agreement. Under this agreement with its leading creditor banks South Africa undertook to repay \$1.4bn of its "frozen" \$14bn debt by June 1990, as well as servicing the total debt.

For three years South Africa was able to repay debt on this scale thanks to a decline in average living standards and a combination of a higher gold price, domestic recession (which curbed imports) and rand depreciation.

Briefly last year the economy showed rising growth, declining inflation and a sizeable surplus on the current account of over R5bn. Now the prospect is for a sharp decline in growth over the second half, accompanied by higher inflation as rand depreciation and higher taxes raise costs on a declining volume of output. The only silver lining on the

near horizon is the still uncertain prospect of an end to South Africa's 13-year involvement in the Angolan civil war and related costs of subsidising the Namibian economy. The war is believed to have been costing around R4bn over the last year of intensive military operations against the Cuban-backed Angolan government forces. It is part of a growing burden of security-related spending. Although the 1988 budget planned to keep the rise in overall spending to 12.9 per cent, below the increase in inflation, military spending was budgeted to rise 23 per cent to R2.2bn out of a total spending of R5bn.

Thanks to the United Nations arms embargo and a decade of feverish efforts to become self-sufficient in arms, the state arms corporation Armscor and the private sector sub-contractors have created a large export industry.

South Africa is now believed to export an estimated \$1bn worth of arms annually to 23 countries, including both sides in the Iran-Iraq war. In doing so, the armaments industry has become the country's largest manufacturing exporter. At the same time South Africa has also invested heavily in producing oil and chemical feedstock from poor quality, locally produced coal and in other sanctions-busting, import-substituting ventures.

But the net result of heavy capital expenditure of this kind - coupled with steadily rising government expenditure on the

homelands, the apartheid-induced industrial decentralisation in remote areas, the ethnically separate schools, housing, bureaucracies and parliaments - has been a steady decline in the productivity of labour and capital. In the past decade, this has risen, on average, at between one and two per cent a year. With the population rising around 3 per cent a year and government spending rising to 37 per cent of gross domestic product, the result has been declining living standards, higher taxes and inflation three to four times the OECD average.

Falling a dramatic breakthrough in the internal political stalemate, matched by a new era of peace and reconciliation with South Africa's neighbours and the rest of the world, many business and government economists believe the country has little choice. It must try to build up new export industries, continue with import replacement and forge ahead with long-term plans to privatise the public sector.

Government policy is to accompany this by de-regulation and promotion of small, especially black, businesses and the reform of the tax system. The hope is that faster, domestically generated economic growth will help create a black skilled working and middle class, to allow the quiet but unresisting erosion of apartheid to continue and gather speed. It looks like a hard grid ahead.

LOMBARD

1992 threat to southern Europe

By Bruce Clark

AS EUROPE'S politicians nurse their people through the trauma of losing sovereignty, there is a wonderful conformity to national stereotype in their choice of tranquilliser.

Mrs Margaret Thatcher, the UK Prime Minister, says integration is not happening - and because her nationalist credentials are good, the British believe her. Shift the scene to the dusty public squares of the Mediterranean region, and Mrs Thatcher's nursery language is out of place. The rhetorical traditions of southern Europe call for a different illustration. There the approach is to make clariou calls for a brave new European world, and play down the short term side effects.

European integration will mean painful upheavals for the societies of Spain, Portugal, southern Italy and Greece. Contradictions will be sharpened: rationalism, meritocracy, due process - the "above board" - will clash head on with cronyism, graft - the "below board".

Shrewder southern European politicians realise this. They also know the value of 1992 as slogan and as alibi. They see how 1992 can set the rhetorical scene for a new efficiency (this time without fascism), and how they can silence victims of this process by pleading impotence before Brussels. So they speak of the "challenge" of 1992 - which challenge can also mean "problem" or "threat".

The southern European system mixes pluralistic trappings with pre-industrial forms of social organisation:

- Administrations which do not work, either as efficient collectors or as rational distributors of money; political parties fulfil both these functions;

- Public sectors which provide salaries - and bribe opportunities - for their employees, rather than services, telephones or drains for anybody else;

- Government which tells hotels what to serve for breakfast but cannot stop food poisoning; government which decrees high taxes but cannot collect them.

Where government fails, political parties "succeed" both

as collectors and disbursers. They collect bribes, and distribute jobs, contracts, and favours which make up for the inadequacy of government *qua* government. Thus the failures of a welfare system can be mitigated by the politician who secures a "disability benefit" for a healthy constituent or a "seaman's pension" for a poor land-lubber.

1992 threatens these cosy arrangements. The strongest pressure is budgetary: you cannot have huge deficits and free capital movement. Nor can you simply print money. Governments will have to collect tax and citizens pay it.

Old-time politicians will lose out. Vigilant Germans will prevent them awarding public money to cronies or cousins. Competitive reality will prevent them putting incompetent friends in charge of public corporations. Entrenched interests - ancient conspiracies of mediocrity - will feel the icy wind. Millions of idle pen-pushers - and their incompetent bosses - are threatened.

Black economies confuse planners and frustrate tax-collectors, but they are a cushion against hardship. A look at the nominal wages of these countries prompts us to ask how people could live if there were no *pharimpeio* in Spain, no *doppio lavoro* in Italy, no *poli-thesia* in Greece - in short, if it were not possible to be paid for two jobs, without necessarily doing either?

Trans-national competition is causing a new business class to emerge in southern Europe, supplanting older ones which built their position on protectionism or state patronage. At the other extreme, an underclass is being relegated to the European economic margin: unemployment in southern Italy is 20 per cent and rising; in Andalusia it is 30 per cent. Will 1992-related growth come soon enough to absorb these people? And can the underclass be trained fast enough to benefit?

To give the answer "yes," southern European politicians would have to be congenial optimists, which (for all their nonsense) they are not. No wonder they are drawing on their rhetorical talents.

LETTERS

Businesses can change over time

From Mr Andrew Campbell.

Sir, "When the 'core' is disposable" (Leader, August 12) acknowledges that "the corporate centre can, with any degree of effectiveness, perform only a limited repertoire of roles"; a concept which, you point out, is causing dramatic changes in the portfolios of large companies.

The grand-scale diversifiers can no longer rely on good general management skills to run their portfolios. If they are to win in the battle for corporate control they must develop superior specialist skills in managing certain types of businesses. These then become the "core".

The article, however, makes one error - in the picture painted of the future of large multi-business companies.

It argues that companies should commit to their core businesses once they have defined them. This fails to recognise that the characteristics of a business can change over time. An emerging high technology engineering product is likely to become a mature, commodity oriented basic product as the industry life cycle advances. If a company is specialising in high tech engineering products it will not be an effective parent for the business when it has become mature.

In the future, we can expect to see companies disposing of businesses which were previously identified as "core" businesses, but have now changed in such a way that the parent company no longer has the appropriate management style.

In other words, we can expect to see large companies continue to buy and sell important businesses even when the current period of pass-the-parcel has settled down.

Andrew Campbell, Ashridge Strategic Management Centre, 1 Kingsway, WC2

If intended for publication, letters to the Editor of the Financial Times should include, where possible, a daytime telephone number.

If the TV structure alters, so will programming

From Mr Robin Foster.

Sir, Mr Kenneth Miles (Letters, August 11) is being somewhat disingenuous when he says that "whatever the structure of broadcasting, the content of programmes will eventually always depend on programme makers often of relatively minor importance. The balance of power between finance and regulation plays a large part in influencing the nature of programmes which are broadcast."

The character of broadcasting throughout the world is determined by how it is financed and how it is regulated with the interests of programme makers often of relatively minor importance. The balance of power between finance and regulation plays a large part in influencing the nature of programmes which are broadcast.

The current structure of UK broadcasting, for example, explicitly promotes the provision of a diverse range of programmes types catering for both minority and majority tastes. Commercial television output is regulated (by the Independent Broadcasting Authority) to ensure that certain types of programmes, such as serious current affairs or documentary productions, are shown at peak times.

The volume of capital goods exports has not only kept pace with import volume up 20.4 per cent in the latest year - but, in the latest quarter, exports of capital goods have actually increased by almost three times as fast as import volume. By contrast, exports of passenger cars are down 5.1 per cent in the last year, while exports of other consumer goods are down 2.2 per cent.

As a result, the smallest contribution to the worsening trade balance has come from net exports of capital goods, which have declined by just \$9m between the second quarter of 1987 and the second quarter of 1988. Net exports of consumer goods have worsened by \$66m.

The comparison is even starker between the first and second quarters of 1988. Over this period the manufacturing trade balance declined by almost \$500m, despite a positive contribution from net exports of capital goods of \$27m.

In other words, the recent

benefit from more choice between channels - but they would have access to a more limited range of programme categories than now.

If we are to move towards a more competitive, less regulated broadcasting environment, therefore, there needs to be a recognition that programme output will change. New ways of ensuring that quality programmes are made and shown will need to be found, perhaps by more explicit public financing of those programmes considered to be of high social value, or by a re-think of the role of the BBC.

This important task will not be helped by claims that radical changes in broadcasting structure will leave everyone better off. There will no doubt be some important gains from more competition, but because of the imperfect nature of broadcasting markets there will be significant losses - unless new methods of support for uneconomic but socially desirable programmes are found.

Robin Foster, National Economic Research Associates, 18 Park Street, W1

Viewers might, as a result,

Consumer goods are the main problem

From Mr David Walton.

Sir, Messrs Skeoch and Hoach (Letters, August 5) charge you with making either an elementary error or a statistical sleight of hand in your leader (July 28) analysing the reasons for the current account deterioration.

A complete analysis of the data, however, supports your contention that it is the recent behaviour of consumer goods - particularly cars - and not capital goods that gives most cause for concern.

It is certainly true that imports of capital goods have risen strongly: up 36.3 per cent in the latest year. Imports of all other types of manufactured goods have been rising rapidly too.

More importantly, no analysis of the current account is complete without examining developments in export volume. It is here that an interesting dichotomy has developed between the behaviour of exports of consumer and capital goods.

sharp deterioration in the balance of payments is much more because of the misbehaviour of consumer goods than the rather good performance of capital goods.

Recent Confederation of British Industry (CBI) surveys show a significant tightening of capacity constraints in the consumer goods industries in the last 18 months, while in the capital goods industries they have remained reasonably low. Capacity constraints in the motor industry, in particular, have tightened phenomenally. This suggests that excess consumption has contributed more than strong capital spending to the recent balance of payments deterioration.

The correct course of action is neither to ignore the symptoms nor to allow the pound to depreciate - from an already competitive level - but to rein back excessive demand growth.

David Walton, Goldman Sachs International Corporation, 5 Old Bailey, EC4

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August 16, 1988

INTERNATIONAL COMPANIES AND FINANCE

Hewlett-Packard income surges ahead to \$192m

By Martin Stanbridge in New York

HEWLETT-PACKARD, the US computer and scientific instruments maker, yesterday reported a 30 per cent advance in third-quarter earnings to \$192m or 80 cents a share, from \$146m or 57 cents in the same period of 1987.

Revenues were 19 per cent ahead, at \$2.43bn against \$2.05bn.

Mr John Young, president and chief executive, said: "Looking ahead to the fourth quarter, the outlook is basically positive. We see continued strength internationally, considerable momentum created by our many recent product introductions, and improved product shipments."

He added that because of rising prices of computer memory chips the company had started in July to increase prices of some of its products. So far, shortages of this type of chip had not noticeably affected shipments, but "the supply situation remains uncertain and continues to require active management attention."

The cost of goods sold as a percentage of net revenue increased to 48.6 per cent from 47.3 per cent and operating expenses rose by 15 per cent.

Orders for the quarter reached a record \$4.58bn against \$2.94bn. International orders rose 37 per cent to \$1.33bn but US orders

increased by only 1 per cent to \$1.2bn.

Mr Young said: "We are particularly pleased with the growth in international orders. Europe and the Asia Pacific region are generating high order levels. International orders so far this year make up 28 per cent of our business."

Revenue from US sales and service rose 13 per cent to \$1.16bn, while international revenue rose 25 per cent to \$1.26bn.

The group's nine-month earnings moved ahead to \$73m or \$2.50 a share, from \$42m or \$1.55 previously. Turnover rose to \$7.12bn from \$5.81bn.

BASF lifted by chemical sector buoyancy

By Haig Simonian in Frankfurt

GROUP PRE-TAX profits at BASF, the West German chemicals conglomerate, rose by 18.2 per cent from DM1.42bn (\$770m) to DM1.71bn in the first half of this year, confirming the current buoyant earnings trend in the West German chemicals industry.

Group sales increased by 6 per cent from DM20bn to DM21.6bn with the rise in turnover more marked at parent company level, where exports increased by 14 per cent to DM6.5bn and domestic sales climbed by 8 per cent to DM5.5bn.

BASF said: "There is no sign at present of any impairment to the good business conditions."

"Both the flow of new orders and the current order book are well above last year's levels, while the decline due to the holiday period is also less marked than last year."

BASF shares climbed DM6.30 to DM263.20 in Frankfurt yesterday, with sizeable increases in the share prices of Hoechst and Bayer.

Hoechst announced a 30 per cent increase in group pre-tax profits to DM1.94bn earlier this month, while Bayer has yet to report its half-year figures.

BASF said business in the second quarter had confirmed the positive trend, with steady sales prices contributing to its "pleasing" results.

Capacity utilisation levels were already high and had risen further, it said. The consequent possibility of some delivery bottlenecks struck the only real jarring note in the report.

Profits and sales in chemicals, plastics, dyes and refining products were "positive" with plastics showing the highest growth rates.

The company is expecting a further boost in dyes and refining products in the second half of the year following its purchase of Polysar's worldwide dispersion business.

The market for agricultural products, which has been difficult for most chemicals companies for some time, had "improved slightly."

Firm demand boosts Navistar

By Our New York Staff

STRONG DEMAND for medium and heavy trucks helped Navistar International, the leading US truck maker, to increase third-quarter net profits by 63 per cent to \$47m or 15 cents a share, against the \$31m or 9 cents earned in the comparable period last year.

Sales advanced by 23 per cent to \$76m, from \$61m.

The Chicago-based company expects North American demand for heavy duty trucks to rise to 150,000 for the rest of the financial year, up from the 130,000 recorded in 1987. It also projects that medium truck demand will increase by 9 per

cent to 195,000 units.

Mr James Cotting, chairman and chief executive, said operating margins were below those of the third quarter of 1987 because of continued production difficulties at new plant and foundry facilities and increased employee pension and medical benefits.

He added that the company absorbed substantial increases in commodity costs, particularly aluminium and steel, which had not been passed on to its customers in spite of high capacity utilisation throughout the industry.

During the third quarter,

truck shipments increased by 29 per cent as the company operated its plants at full capacity and reduced the normal vacation shutdown from three to two weeks.

Service parts sales rose 8 per cent and diesel engine shipments to other manufacturers increased by 4 per cent.

For the first nine months, net income totalled \$16m or 56 cents compared with a net loss of \$21m. Sales moved ahead by 17 per cent to \$2.96bn, from \$2.5bn.

Navistar's shares eased yesterday morning by 4% to \$54.

Polaroid rejects improved terms from Shamrock

By Our New York Staff

POLAROID, THE US instant photography group, yesterday unanimously rejected an improved offer from Shamrock Holdings, an investment group, of \$40 per share and a 40 per cent stake in the proceeds of any recovery which results from its litigation with Eastman Kodak.

Polaroid also announced it was lowering the ownership level for the trigger point in its "poison pill" defence from 40 to 20 per cent.

Toys 'R' Us posts strong gains after six months

By Our New York Staff

TOYS "R" US, the world's largest toy retailer, yesterday reported a rise in second-quarter net earnings to \$3.1m or 18 cents a share, up from \$1.65m or 13 cents in the year-ago quarter. Sales were \$170.2m ahead at \$98.8m.

Mr Charles Lazarus, chairman and chief executive of the New Jersey-based group, said: "We are pleased with the increase in our sales and earnings. Our position as the dominant toy retailer offering the best value, selection and ser-

vice for the consumer is enabling us to expand our market share and increase our earnings."

Mr Norman Ricken, president and chief operating officer, said store expansion plans were on target with two Toys "R" Us stores in the US having opened this year.

Net earnings for the first half came to \$45.61m or 35 cents compared with \$31.17m or 24 cents previously. Sales passed the \$1bn mark, with \$1.33bn against \$980.53m.

This announcement appears as a matter of record only.

New Issue

17th August, 1988



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(Mitsubishi Kinzoku Kabushiki Kaisha)
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Warrants

to subscribe for shares of common stock of Mitsubishi Metal Corporation
The Notes will be unconditionally and irrevocably guaranteed by

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Issue Price 100 per cent.

Yamaichi International (Europe) Limited

Mitsubishi Finance International Limited

Daiwa Europe Limited

Morgan Grenfell Securities Limited

Mitsubishi Trust International Limited

Bank of Tokyo Capital Markets Group

Baring Brothers & Co., Limited

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Goldman Sachs International Corp.

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LTCB International Limited

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The Nikko Securities Co., (Europe) Ltd.

Nippon Kangyo Kakumaru (Europe) Limited

Nomura International Limited

Norinchukin International Limited

SBCI Swiss Bank Corporation Investment banking

J. Henry Schroder Wagg & Co. Limited

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Taiheyo Europe Limited

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NEW ISSUE

17th August, 1988



Odakyu Electric Railway Co., Ltd.

U.S. \$150,000,000

4 1/4 per cent. Notes 1993

with

Warrants

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INTERNATIONAL COMPANIES AND FINANCE

La Générale enters a modern age
Tim Dickson on a shake-up at the Belgian holding company

Plans unveiled this week for a shake-up in the antiquated management structure of Société Générale de Belgique provide the first clear evidence that shareholders who bought into the Belgian holding company during a bitter takeover battle are now making their mark on it.

But the challenge of entering an adequate return from their new acquisition has only just begun for the French investment bank Compagnie Financière de Suez and its hitherto bitter rival, Mr Carlo De Benedetti, the Italian businessman.

The two sides publicly buried their differences and agreed to work together in June after a dramatic takeover battle in the first half of this year.



Herve de Carmoy: tipped to be managing director.



Etienne Davignon: tipped to be president.

According to analysts in Brussels, the greatest financial pressure on Suez, which is thought to have paid a hefty price for the privilege of gaining control of the widely diversified 166-year-old group.

Mr De Benedetti, for his part, may have lost some of his pride during the fight but the terms on which he sold a major part of his stake to the French investment bank and its Belgian allies enabled him to emerge from the settlement claiming a profit on the deal.

He retains a little over 16 per cent in the Belgian company and will play an important role in its future plans as a vice-chairman and almost certainly as a member of a new strategy-setting committee.

Over the summer, Suez is reported to have been exercising its new influence at all levels of the company. But this week's publication of proposed alterations to the company's statutes, to be put to an egm in early September, are the first public indication of the changes.

Many of the revised articles simply bring the company up to date with changes in Belgian law, but the vital significance is the laying to rest of La Générale's long-standing system of management, comprising a governor and a group of directors nominated from within the company.

The key figures in future will be a new managing director, widely expected to be Mr Herve de Carmoy, a former

Midland Bank director, and the president or chairman and other members of a new executive committee, responsible to the board.

Viscount Etienne Davignon, a former ERC commissioner, has been widely tipped for the position of president. The effect will be to make management more answerable to shareholders, while other changes hint at a more "hands on" management approach to the company's still sprawling portfolio.

Apart from these changes, La Générale and its new owners have revealed little about their strategy. Speculation is nevertheless keen as to how Suez will tackle the short and long-term financial problems it faces.

The short-term question is how to reorganise the assets of Sodecom, the company through which it controls 18m of the 42m shares of La Générale in issue and which is saddled with heavy financing charges on what one broker estimates as its BF760bn (\$1.5bn) of debt.

Dividends from La Générale are clearly insufficient to cover this and with only BF22bn-BF30bn of its own equity, the feeling is that Suez will soon fulfil its commitment of June to put some shares back on to the market. Sodecom's other asset is a 10 per cent stake (worth about BF55bn) in

ceder under La Générale's wing but that buyers could be sought for the profitable divisions. The polyurethane and fine chemicals side of Gechem and the leisure equipment activities of FN are examples. ACEC's huge debts and the political sensitivities in the Socialist heartland of Wallonia suggest that divestments there are likely to be more cautious.

The main temptation for the new management, as many observers see it, will be to sell sound, well-managed companies which do not fit into its strategy or offer obvious synergies with Suez and its associates.

Among the quoted candidates talked about in the market are Pabete, the paper and plastic processing group in which La Générale and the West German Feldmühle group each own about 25 per cent and which is currently capitalised at around BF4bn; CFE, the civil engineering and public works company in which the French company Thames last year took a 20 per cent stake and in which La Générale retains some 24 per cent; Finoutremer, a holding company with stakes in finance, energy and car sales where La Générale holds around 40 per cent and where talks are thought to be taking place and leading shareholders on ways to realise better its underlying value; the shipping company CMB (where La Générale has a 50 per cent stake worth BF4.5bn); and CBR, the internationally diversified and increasingly successful cement company where La Générale has a 58 per cent stake worth a little over BF10bn.

Rumours swirling around the last two - which have helped propel their share prices since the start of the year over 50 per cent higher in CBR's case and just under 70 per cent higher in CMB's against a market average gain of about 35 per cent - are most intriguing since they have been clearly identified as key strategic sectors in the past. Managements of both companies are believed to be contemplating a buyout as an alternative to a sell-off if it comes.

A more popular theory is that the current restructuring of these companies will pro-

Viag confident over outlook

By Andrew Fisher in Frankfurt

VIAG, the West German energy, aluminium and chemicals group in which the Government recently sold its remaining 60 per cent stake, is on track for higher profits this year after a buoyant first half.

Group turnover rose by 7 per cent to DM4.5bn (\$2.4bn) in the first six months and net profits were also higher, the company said in its interim report. Sharp turnover rises in the aluminium and chemical sectors more than offset a downturn in energy where business, espe-

dially in natural gas, was affected by the mild weather in the early months of 1988.

The Bonn-based company said it expected a continuation of the favourable business trend in the second half, with net income set to rise for both the parent company and the full group. In 1987, group net profits increased by 16 per cent to DM191m despite a near 8 per cent drop in sales to DM84bn.

In Viag's biggest division, aluminium, which accounts for just over half of total business,

turnover was 13 per cent higher at DM2.4bn. Energy, accounting for 33 per cent, showed a 5 per cent decline to DM1.5bn, while chemicals (15 per cent) were 15 per cent higher at DM655m.

The sale of the remaining publicly-owned stake in Viag - the Government had 47.4 per cent and the Kreditanstalt für Wiederaufbau 12.6 per cent - raised nearly DM1.5bn in May. The first stage in Viag's privatisation took place just over two years ago.

Statoil profits plunge

By Karen Fosall in Oslo

STATOIL, Norway's troubled state company, saw pre-tax earnings almost halved in the first half of 1988 to Nkr2.5bn (\$40.9m) from Nkr4.5bn in the same period last year due to lower oil prices and a lower dollar exchange rate.

Operating revenues declined to Nkr27.1bn from Nkr28.4bn last year. Statoil's petrochemicals division by far outperformed other divisions to post a Nkr548m operating profit, up from Nkr240m.

Marketing and refining operations, however, suffered a sharp fall in profits to Nkr78m from Nkr257m last year because of low refining margins, especially in Denmark, and continued financial problems with the Mongstad refinery and terminal expansion project, which has experienced severe cost overruns.

Last year's result in this division included gas sales which are now under the exploration and production division.

The exploration division experienced operating profits of Nkr2.9bn. Investment in the period was put at Nkr5.6bn of which Nkr2.2bn went towards Mongstad and the remainder for the development of offshore oil and gas fields and transportation systems.

A radical reorganisation this year of the company makes it impossible to make direct comparisons between last year's results and this year's within the different divisions. The company now operates under three divisions: exploration and production, marketing and refining and petrochemicals.

Problems at Mongstad forced Statoil to make write-offs of Nkr3bn against 1987 accounts which plunged the state oil company heavily into the red last year with a net loss of Nkr1.5bn. This compared with net profits in 1986 of Nkr1.5bn.

Bergen Bank to launch share issue

By Our Oslo Correspondent

BERGEN BANK, one of Norway's top three banks, plans to launch a one-for-five rights issue that would increase its share capital by Nkr302.7m to a total of Nkr1.75bn (\$266m) to meet new legal requirements for a higher capital ratio.

Norway's minority Labour Government earlier this year passed a law on financing which requires that the banks' share capital must be at least 6.5 per cent of their assets.

Bergen Bank, however, said

it aims to maintain a higher level than the minimum set by the law.

Preferential rights to subscription will be given to the bank's shareholders from October 13 while employees are allowed to subscribe for new shares up to Nkr13m nominal value.

The subscription is to open November 7 and close on November 21 although the issue price has yet to be set. The new shares will pay a

half-dividend on the 1988 results.

In June, Bergen Bank bought Nevi, Scandinavia's largest finance and leasing company, from the troubled Vesia insurance group for Nkr350m and agreed to cancel its Nkr1.2bn outstanding borrowings.

About a week later, the bank was placed on Standard and Poor's watchlist for potential downgrading of its A1 rating because of the "burden" the Nevi purchase put on the bank.

Aid sought for aluminium plans

By Robert Gibbens

MANITOBA and Quebec are vying for Canadian Federal support for separate internationally-backed aluminium smelting projects.

The Manitoba Energy Authority is negotiating a long-term power contract for a C\$800m (US\$655m) smelter with capacity of 200,000 tonnes. This is to be built by Alunax, a US-Japanese consortium.

At the same time an international group plans a 250,000-tonne smelter costing nearly C\$1bn at Sept 1les.

ISS ahead after first half

By Hilary Barnes in Copenhagen

ISS, the Danish international cleaning and security systems group, increased group pre-tax profits in the first half from Dkr68.5m to Dkr79.8m (\$12.3m) on turnover up by 19 per cent to Dkr2.22bn.

After taxation and minority shares, the consolidated net profit increased from Dkr56.1m to Dkr65.8m. An increase of 20 per cent in sales and a similar growth in pre-tax earnings was forecast for the year.

About Dkr290m of the increase in sales of Dkr520m came from acquisitions in Bel-

gium, Germany, Sweden and Norway.

The group's US subsidiary, ISS International Service System, had earlier reported an increase in first half pre-tax earnings from \$1.37m to \$1.31m.

Operating profits at SDS, the big Danish savings bank, fell slightly from Dkr543m to Dkr535m in the first half.

SDS said the result remained satisfactory, but the report contrasted with the other big banks, which have reported substantial earnings increases this year.

Iberia considers stake in Uruguay airline

By Tom Burns in Madrid

IBERIA, the Spanish national carrier, is considering the purchase of a 49 per cent stake in Flupa, the Uruguayan state airline - hot on the tailings of the proposed tie-up between Scandinavian Airline System and Aerolineas Argentinas.

Iberia, currently strongly profitable, received the offer from Flupa, and senior Iberia executives travelled to Montevideo last week for exploratory discussions.

If the Aerolineas deal takes off, Iberia can expect to face

increased competition in the Latin American market, which has traditionally been lucrative for the Spanish company.

The Spanish airline has a far larger presence on the continent than any other European airline and its only real rival on the routes to the southern part of the continent is the Argentine carrier.

Iberia said Flupa was initially interesting because the Uruguayan airline had a well-developed internal network, but the Spanish airline

stressed that negotiations were at an early stage.

Iberia is also reviewing, although apparently with less urgency, a possible stake in Dominicana de Aviacion, the Dominican Republic's carrier, following an approach from that airline two months ago.

Iberia has never before expressed interest in foreign acquisitions but the combination of continued strong profits and of the Scandinavian initiative seems to have whetted its appetite.

Another factor behind Iberia's possible acquisitiveness is the prospect of the company's own partial privatisation. The Spanish company went into the black in 1988, posted record-breaking profits of Pta20bn (\$165m) last year and seems set to earn even more in the present one.

Profits for the first half of 1988 were Pta5.5bn against a forecast Pta3.3bn. Last year, the company earned just Pta2.67bn over the low season in the first six months.

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

US.\$150,000,000 Subordinated Floating Rate Notes due 1997

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 18th August, 1988 to 21st February, 1989 the Notes will carry an Interest Rate of 9% per annum. The Interest Amount payable on the Interest Payment Date which will be 21st February, 1989 is US.\$486.98 for each Note of US.\$10,000 and US.\$12,174.48 for each Note of US.\$250,000.

Westpac Banking Corporation

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Agent Bank

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Interest Period 14th March 1988
14th September 1988

Interest Amount per U.S. \$50,000 Note due 14th September 1988 U.S. \$2,047.40

Credit Suisse First Boston Limited Agent Bank

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Floating Rate Notes due 1994 (the "Notes")

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from 19th August, 1988 to 20th February, 1989 being the third Interest Payment Date (as defined in the terms and conditions), the Notes will carry an Interest Rate of 5.20% per annum. Interest payable on 20th February, 1989 will amount to ¥263,562 per ¥10,000,000 Note.

Agent Bank

The Long-Term Credit Bank of Japan, Limited Tokyo

First Union Corporation U.S. \$150,000,000 Floating Rate Notes due 1996

The rate of interest per annum on First Union Corporation's U.S. \$150,000,000 Floating Rate Notes due 1996 for the interest period beginning 16th August, 1988 and ending 16th November, 1988 the next interest payment date, will be 8 1/4%. The amount of interest payable for such interest period on each \$10,000 principal amount of the Notes will be \$225.21.

NOTICE OF INTEREST RATE KINGDOM OF DENMARK ECU 150,000,000 Floating Rate Notes Due 1990

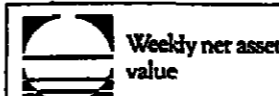
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CITIBANK, N.A., Agent August 11, 1988

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Weekly net asset value Tokyo Pacific Holdings (Seaboard) NV on £ US\$ 157.49 Listed on the Amsterdam Stock Exchange Information: Pierson, Holding & Pierson NV.

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Subordinated Floating Rate Notes Due August 14, 2011 Notice is hereby given that the Rate of Interest has been fixed at 8.9375% p.a. and that the interest payable on the relevant Interest Payment Date November 15, 1988 against Coupon No. 9 in respect of US\$10,000 nominal of the Notes will be US\$228.40 and in respect of US\$250,000 nominal of the Notes will be US\$5,710.07.

August 18, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Japan pays price for a zero cost option

Stefan Wagstyl on market turmoil resulting from a high-risk trading instrument

The Japanese foreign exchange options market, one of the fastest growing of Tokyo's newer financial markets, has been thrown into turmoil.

Overseas banks, quickly followed by the Japanese, began trading foreign exchange options over the counter in Tokyo in the last two years.

Normally, a customer pays a bank a fee for an option, rather than an insurance premium. However, banks eliminated this fee by packaging together an option sold by the bank to the customer in return for one sold by the customer back to the bank.

For example, with the dollar at Y125 a client could buy the right to sell dollars at Y123 in return for selling to the bank the right to buy dollars at Y128.

This worked well as long as the dollar was going down. But, as Mr Peter Drunkley, country treasurer at National Westminster Bank, says: "You don't get something for nothing."

Dollar recovery brings firmer tone to markets

By Dominique Jackson

EURODOLLAR bonds finished the day with a marginally firmer bias yesterday, supported by the dollar's rebound on the foreign exchanges and propelled further by some substantial short covering.

The lead manager reported good demand and from a broad base of investors and not just from the UK institutions which would be expected to pick up the paper. Nomura quoted the issue bid at a discount of 1.55, just within its total bid.

Secondary Canadian dollar market spreads have recently widened out from the extremely narrow margins seen a few weeks ago as investors have been buying Eurobonds to take profits and have reinvested in the new issues or in the underlying Canadian government bonds themselves.

New formula for repackaging perpetuals

By Our Euromarkets Staff

PERPETUAL floating-rate notes present a problem that, by definition, will not go away. But, as a few securities houses have found, they can be made palatable to a pool of investors if their most unattractive attribute - the fact that they never mature - is disguised in a composite security with an insurance policy thrown in for good measure.

A widely publicised offer designed in July 1987 by J. Henry Schroder Wagg and aimed at helping banks clear up to \$1bn of the unwanted securities from their books, flopped without a single bond being tendered.

The package also uses \$6m of 10-year zero-coupon Kingdom of Denmark bonds, and zero-coupon World Bank bonds totalling \$100m.

repackaged deals may become victims of their own success. Underwriters of the latest repackaging concede that the need to make surreptitious purchases of perpetuals was one of several factors that delayed the issue's launch.

Slowdown for S Korea companies

By Maggie Ford in Seoul

SOUTH KOREAN companies, hit by appreciation of the currency, higher wages following strikes and an increase in raw material prices, have experienced a reduction in the rate of income and sales growth in their first-half results reported this week.

De Laurentis seeks protection

By Our New York Staff

DE LAURENTIS Entertainment Group, the film-maker floated two years ago by Mr Dino De Laurentis, the Hollywood producer, filed yesterday for protection under Chapter 11 of the US bankruptcy code.

Mr De Laurentis severed his connection with the company earlier this year. The management has succeeded partially in rebuilding the group's finances by, for example, clearing a revolving bank line of credit and selling some assets. But it has been pressed into Chapter 11 by the recent failure of an exchange of notes on which it is in default and several lawsuits alleging nonpayment of debts.

Chapter 11, leaving several subsidiaries to function normally. Two of these are the limited partnership and North Carolina Film Studios Inc, a modern production complex built by Mr De Laurentis in North Carolina.

Advertisement for IBM Australia Credit Limited. Features: 'A \$75,000,000', '13% Notes Due August 16, 1992', and a list of participating banks including Salomon Brothers International Limited, Amsterdam-Rotterdam Bank N.V., BNP Capital Markets Limited, SBCI Swiss Bank Corporation Investment banking, etc.

Table titled 'FT INTERNATIONAL BOND SERVICE'. Lists various international bonds with columns for Issuer, Amount, Bid, Offer, and Change. Includes sections for 'OTHER STRAIGHTS', 'FLLOATING RATE NOTES', 'CONVERTIBLE BONDS', and 'SWISS FRANC STRAIGHTS'.

UK COMPANY NEWS

WH Smith rises to £71m and achieves objectives

By Vanessa Houlder

WH SMITH, the retail and distribution group, yesterday announced a 10.5 per cent rise in pre-tax profits to £70.6m for the year to May 28. Turnover rose by 13.8 per cent to £1.66bn.

Sir Simon Hornby, chairman, described the results as "very good indeed", considering the setback experienced in wholesale distribution. The company had achieved strategic objectives on all fronts, as well as delivering record profits, he added.

Its strategy was to expand and modernise W. H. Smith Retail and Do It All, and develop specialist chains such as Our Price Music in the UK and abroad, he said. In distribution, it intended to exploit new opportunities in the commercial stationery market and develop programming and services for cable and satellite TV in Europe.

Profits from the distribution operations were down from £17m to £15.7m, as a result of the widespread shake-up in

newspaper distribution arrangements. But the £40m of turnover lost by the withdrawal of News International's business was partially offset by the gain of £25m in new business. In total, sales on the distribution side, comprising news, books and commercial stationery, increased by 9 per cent to £621.8m.

The company was gaining market share, as independents left the business, said Sir Simon. The share of Sunday newspaper wholesaling rose from 4 per cent to 15 per cent, he said.

The retail businesses increased profits by 25.7 per cent to £55.1m (£43.8m). Sales rose by 11.4 per cent to £894.1m. The high street retail chain improved margins and market share, while the number of travel agency outlets went up from 116 to 137.

Sales of Our Price Music increased by 29 per cent, while established shops increased sales by 16 per cent.

The Do It All operation increased trading profits by 18.5 per cent to £10m, on sales up by 35.4 per cent to £182.8m. The slowdown in profits growth was due to the costs of opening 25 stores, mainly in the second half.

The television services division made a loss of £2.7m, as a result of investment in higher quality programming. This compares with a profit last year of £2m, which included £1.8m profit on the sale of a stake in Yorkshire Television.

During the year, a total of 255 new retail outlets were added, bringing the number up to 1,482 with a total selling space of 7.17m square feet.

Earnings per share rose by 13.7 per cent to 24.1p. Final dividends of 9p per "A" share and 1.2p per "B" share have been declared, making a total of 9p per "A" and 1.8p per "B", increased from last year's respective totals of 7.5p and 1.56p. See Lex

Caparo buys US tube maker for £23m

By Andrew Hill

CAPARO INDUSTRIES, engineering group, is expanding its tubing interests in the US with the purchase of Bull Moose Tube Company from National Intergroup, the US steel and pharmaceuticals group, for \$39.25m (£23m) in cash.

It is the first acquisition by the UK company since the closure in May of Fidelity, its loss-making consumer electronics subsidiary. At the time, analysts said this would allow Caparo to concentrate on more successful subsidiaries manufacturing steel, abrasive and aluminium commodities for industry.

The company is still negotiating details of the US deal and expects to release more information in early September when Caparo's interim results are due. Caparo is also thought to be looking at further acquisitions in the UK.

Bull Moose produces small diameter mechanical tubing, structural tubing and sprinkler pipe. In the year to March 31 it made \$5m before tax on turnover of \$100m. Its net assets at that date were \$17.1m.

The purchase is to be funded by a seven-year term loan of \$20.4m and a further \$8m evergreen revolving credit facility, with the balance coming from Caparo's existing UK loan facilities.

Caparo already has interests in steel tubing with Barton Tubes in Canada and Barton Engineering in the UK.

Selling water Bristol-fashion

Andrew Hill on the campaign behind the issue of preference stock

THE AVERAGE public relations executive or advertising agent might balk at the prospect of having to market a fundamentally uninteresting product which everybody takes for granted.

This, among other reasons, is why observers are saying that the planned privatisation of the 10 UK water authorities is going to be the most difficult Government flotation yet.

But two small Bristol-based agencies have already taken up the challenge, offering the big London agencies which are expected to pitch for the water account should the privatisation Bill become law next year - a few ideas about the selling of the ultimate commodity.

Paragon West, a subsidiary of Paragon Communications, the quoted PR agency, and Funnell Colton, a one-year-old advertising agency, are handling a concentrated local campaign for Bristol Waterworks Company, one of 29 private-sector statutory water companies which work alongside the authority.



Bristol is promoting an issue of £5m of new convertible redeemable preference stock, with the dubious distinction of being one of the first share offers to be actively and publicly marketed to private investors since the October stock market crash and the restrictions of the Financial Services Act imposed in April.

Unusually, consumers and employees are to be given priority in the event of oversubscription, hence the local emphasis of the campaign.

About 400,000 leaflets have been delivered, covering every household in Bristol Water's 2,400 sq km area of supply. Two local daily papers and series of cartoon advertisements, teasing readers with the fact that they take water for granted, before inviting them to buy a stake - "Now you can invest in it."

running for just three weeks, marks the latest and perhaps most dramatic step in the glacially slow process of the water companies. Less than two years ago they seemed to be stock market anachronisms, performing a public service with unassuming competence, as they had done since Victorian times. Shareholders' power was, and still is, severely restricted by statutes.

Recently, large investors - notably French and Anglo-French water suppliers - have started to build up stakes, seizing the opportunity to gain a foothold in the UK water industry in preparation for the privatisation of the water authorities. Two French suppliers - Compagnie Générale des Eaux and Lyonnaise des Eaux - together hold more than 50 per cent of Bristol's

voting capital. Water companies, which will get the opportunity to convert into public limited companies at the same time as the authorities are privatised, have begun brushing up their image and reminding consumers and investors of their existence.

The impetus for the Bristol campaign came from the company, which has shortened its name from Bristol Waterworks - implying an efficient but unexciting utility - to Bristol Water. The campaign is expected to cost more than £100,000, an unprecedented expense for a water company with turnover of about £23m, but a drop in the ocean compared with the £23m or so spent on the "Toll Sid" British Gas campaign.

"It's the biggest PR exercise we have been involved in," says Mr John Browning, Bristol's general manager. "But the company, and the industry as a whole, has a pretty low profile, so this was an opportunity to raise it. We're very pleased with the way it's going."

So far Bristol has received more than 9,000 inquiries, and Paragon estimates that between 12,000 and 15,000 people will be sent prospectuses when the full-scale campaign stops and the mailing begins next week. About one in three of those is expected to apply for shares.

CCF falls to £0.5m at midterm

By Clare Pearson

CCF GROUP, financial software house, yesterday blamed last October's stock market crash for a squeeze on margins which reduced pre-tax profits from £2.24m to £517,000 in the half year to June 30.

The company was geared up to cope with its previous annual turnover increase of about 100 per cent when demand for most of its products disappeared, Mr Tim Smith, chairman, explained.

The result, which was

achieved on turnover of £11.1m (£8.65m), would have been even worse but for a payment of more than £100,000 arising from an out-of-court settlement of a dispute with Banque Paribas Capital Markets, for which CCF made a £400,000 provision in the 1987 results.

But Mr Smith said demand from the securities industry had now improved, while the continued expansion of CCF's product range had put it in a

stronger position to take advantage of the "inevitable" upturn in business prospects.

An interim dividend of 1.4p (1.2p) is recommended. The shares rose 5p to 148p yesterday.

Products for banking and treasury management, which CCF moved into with the acquisition of Downie Associates last April, put in about half of profits in the first half.

The group's existing international divisions put in a mixed performance in the first half. The US accounted for a loss of £38,000 (against a profit of £389,000). Australia turned around from a £201,000 loss to a £10,000 profit, and the Far East accounted for £56,000 (£54,000).

Earnings per share came out at 2.48p (12.52p).

Unigate bolsters Wincanton arm

Unigate, the chilled foods distribution group, is spending £16m on four businesses to bolster Wincanton Group, its motor distribution and car hire subsidiary.

The companies being acquired are: Southern Brothers, a Blackburn-based concern which holds franchises for Rover Group, Jaguar and Land Rover; North Shropshire Motor Auctions; Eydale Truck and Coach, a Volvo commercial vehicle distributor; and Commercial and Trailer (Sales), a commercial contract hire business based in Stoke on Trent.

In total, the businesses generated operating profits of £1.5m last year on turnover of £240m.

Manchester Ship

The possible offer for Manchester Ship Canal has suffered an abrupt and speedy demise, with the company announcing yesterday that the talks have been discontinued.

It also lifted the suspension on its shares. The ordinary promptly soared from 215 to 221.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
AC Holdings	5	5	nil	5	nil
Basson Group	4	4	nil	4	0.5
Britishair	5.6	Oct 7	4.6*	10.2	14*
File Indmar	1.4	Oct 3	1.2	2.6	3
CCF Group S	0.75	Oct 3	0.75	1.5	3.5
Gnome Photo	3	3	8	11	8
Gordon Russell	2.4†	Oct 19	2	4.4	6
M&S	1	1	1	2	2
Nichols (4M)	3.5	3.5	3.15	6.65	7.75
North Mid Coast	1	1	0.8	1.8	2
Smith (WH) "A"	6	6	5.4	11.4	7.8
Smith (WH) "B"	1.2	1.2	1.08	2.28	1.56
Standard Chart	12.5	Oct 7	12.5	25	35
Usher (Frank) S	4	Sept 30	4	8	5.5
Ward Hidge	0.5	Oct 8	0.5	1	2.4*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. \$USM stock, £SQuoted stock, †Third market. *For 16 months.

Another US stake built in Cambrian

By Nikki Tait

CAMBRIAN AND General, the UK investment trust which was formerly a vehicle for convicted US insider trader Mr Ivan Boesky, has acquired another declared US-based stakeholder - the third to emerge this year.

Leucadia National Corporation - a quoted, New York-based company with interests ranging from insurance and banking to real estate and

manufacturing - now holds 3.83m ordinary shares, equivalent to 8.39 per cent. The bulk of the stake - just over 3m shares - was built up between August 8 and August 12.

News of the stake comes less than one month after Baupost Group, a "value-oriented" investment group in Massachusetts, declared a 5.15 interest in the ordinary shares. In January, Mr Lance Lessman -

who at one stage worked for Mr Boesky - announced that he held a 5.04 per cent stake. Over a year ago, Heine Securities - a New York-based mutual fund group - also emerged with 9 per cent of the ordinary. The largest shareholder, however, is the US Securities and Exchange Commission which owns 12.66 per cent of the ordinary shares and 54.6 per cent of the capital

stock - which Mr Boesky handed over to settle charges of insider trading in 1986.

Apart from its insurance and banking interests Leucadia, the shares of which are traded on the New York Stock Exchange, also has interests in two leveraged buy-out firms, and holds a variety of share stake - including 5 per cent of Argyle Trust, the UK financial group headed by Mr Nick Oppenheim.

This announcement appears as a matter of record only. June 27, 1988

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Participants

Australia and New Zealand Banking Group Ltd Arab Bank Limited Banco di Bilbo, S.A.
 Banco di Roma - Banque Française du Commerce Extérieur CIC-Union Europeenne, International et Cie
 London Branch London Branch
 Credit du Nord, London Branch The Dai-ichi Kangyo Bank, Limited
 Istituto Bancario San Paolo di Torino Seattle-First National Bank
 London Branch
 The Taiyo Kobe Bank, Limited The Royal Bank of Scotland plc
 The Toyo Trust and Banking Company, Limited The Yasuda Trust and Banking Company, Limited

Agent

Citicorp Investment Bank Limited

This announcement appears as a matter of record only.

\$525,000,000

Mellon Bank Corporation

Equity Capitalization Plan

We acted as a financial advisor on the structure of the transaction, and our venture banking affiliates, Warburg, Pincus Capital Company, L.P. and Warburg, Pincus Capital Partners, L.P., acted as lead investor.

E. M. WARBURG, PINCUS & CO., INC.

NEW YORK LONDON LOS ANGELES

July 26, 1988

Bertam Holdings PLC

Extracts from the Annual Statement by Mr. E. Hasleley-Chaplin FCS, Chairman and Managing Director, on the year ended 31st December, 1987.

* Operating profit rose from £136,000 to £232,000 and investment income rose from £197,000 to £251,000. An increased dividend up from 1p per share to 1.20p per share is recommended.

* Since the year end our holding in Colly Farms Cotton, in Australia, has been bought out giving a profit before tax of approximately £960,000.

Prospects

* The price of rubber over the last few months has been at levels not seen for many years. The outlook for our 900 hectares of mature rubber is distinctly healthy.

* Palm oil is currently higher than last year's average price and our return from this crop in 1988 should be better than for 1987.

* Current indications are that trading results for 1988 should be in excess of those for 1987.

* Close liaison continues with the authorities in the Penang area regarding potential development of land at Bertam Estate.

UK COMPANY NEWS

Farmers maintains opposition to BAT bid ahead of meeting

By Nick Bunker

FARMERS GROUP, US insurer, has continued its strategy of trying to use local insurance laws to halt the UK's BAT Industries, despite its announcement late on Tuesday that it would meet BAT to discuss the takeover proposal.

Farmers said yesterday that it planned to appeal against a decision by insurance regulators in Illinois to approve BAT's plans to acquire the company.

It claimed that the Illinois ruling required the state's insurance commissioner to disallow the takeover unless BAT could prove that its ownership would not jeopardise the interests of policyholders.

News that Farmers would appeal in Illinois came as Mr Patrick Sheehy, BAT chair-

man, prepared yesterday in Los Angeles to meet Mr Leo Denlea, chairman of Farmers, following a Farmers board meeting on Tuesday which authorised management to enter into talks over the bid.

The meeting had been called to consider BAT's proposal last week to raise its terms for Farmers from 68¢ to 72¢ per share.

Yesterday, the prospect of talks between the two groups - a sign that Farmers' resistance may be cracking -

was raised by Wall Street that BAT would soon clinch the acquisition.

Mr Gordon Luca, insurance analyst with Brown Brothers Harriman, said: "The odds now are for a successful conclusion to the BAT takeover."

Mr Luca said that BAT's offer of a couple of bucks higher,

Both sides yesterday drew a veil of secrecy however over the exact location and timing of the talks, with executives refusing to go beyond carefully-worded official statements issued on Tuesday night.

Mr Sheehy said that he looked forward to the "face-to-face discussions" due to start yesterday. He said he believed that if they achieved "a friendly negotiated transaction", then regulatory approval for the acquisition could be obtained quickly.

Officials at Farmers declined to elaborate yesterday on the reasoning behind a statement by Mr Denlea that his board had made no decision about the possible sale of the company, but was willing to talk.

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AC paying £4.5m to diversify into hotels

By Philip Coggan

A C HOLDINGS, the former car company which expanded into financial services, is diversifying in another direction with the purchase of a potentially controlling stake in Principal Hotels, a UK hotel operator.

The effective consideration of £4.5m is being financed by the issue at par of 20m of 11 per cent convertible unsecured loan stock. This is being placed but is available to existing shareholders on the basis of £12 nominal for every five ordinary shares held. AC is also proposing a five-for-one scrip issue.

Last year AC proposed a £10m rights issue, only to take the unusual step of advising shareholders not to take up their entitlements when the October crash undermined the share price. The deeply discounted issue was not underwritten and so, when the issue was taken up by only 0.17 per cent of investors, AC received only a fraction of its money.

AC also announced its results yesterday, showing profits for the year to June 30 marginally higher at £1.1m than last year's £1.05m. The company's stockbroker, James Douglas Le Mare, operated profitably despite the stock market crash. He is proposing a dividend of 9p per share.

AC said that the acquisition of Principal would build up the group's asset base. The hotel company made pre-tax profits of £25m on turnover of £2.5m in the year to February 29. Following the acquisition agreement, AC will have a potential 53.8 per cent stake in Principal, assuming conversion of loan stock.

Meeting adjourned at Charles Barker

By Nikki Tait

CHARLES BARKER, advertising, public relations and recruitment group, yesterday adjourned the extraordinary meeting called to approve certain proposals for its Ayer Barker subsidiary and changes to the company's share option scheme, because of continuing takeover talks.

Barker announced that it was in discussions which might lead to a recommended offer on August 1. Yesterday, Mr David Norman, Barker's chairman and chief executive, said that these talks were continuing. Because the Ayer Barker arrangements could have some potential impact, he asked the meeting to adjourn the vote to September 6. This was swiftly agreed - yesterday's entire meeting taking less than five minutes.

Under the proposed deal, N W Ayer, US advertising group, would subscribe an initial £2m for a 25 per cent stake in Ayer Barker. This - following a further subscription - could then

rise to 56 per cent in 1990. N W Ayer already holds 12.8 per cent of Charles Barker itself.

Potentially significant, given the bid discussions, is a clause in the arrangement which allows the US group to buy out Barker's interest in Ayer Barker if control of Barker itself changes. The purchase price would be based on 12 times the previous financial year's post-tax profit at Ayer Barker.

The takeover approach to Barker is widely rumoured to have come from WPP, the acquisitive advertising and marketing services group headed by Mr Martin Sorrell.

Suggested offer prices have ranged around 185p a share. WPP is thought to be attracted by Barker's human resources and regional advertising businesses, but there have been suggestions that the executive search operation, Norman Broadbent International, could be sold on - possibly to management.

Ellis and Everard

Ellis and Everard, independent chemical distributor, is restructuring its European operations in an attempt to accelerate profits growth and enhance chances for expansion on the Continent.

The 13 companies in the group, comprising nine in mainland Britain, two in the Irish Republic and one each in the Netherlands and Northern Ireland, have been linked through a single board of directors.

The new structure will be fully operational by May 1 next year, the end of the group's financial year.

Ward profit surge

Ward Holdings lifted its pre-tax profit by £1m to £6.17m in the six months ended April 30 1988. The interim dividend is held at 0.5p.

The group is a house builder, plant hire and manufacturer of nVPC doors. Turnover for the period came to £23.54m (£20.48m), with house sales contributing £19.45m (£17.43m). The directors said that market conditions had remained satisfactory, and indications were that the situation would continue.

Profit attributable was £2.1m (£3.56m), giving earnings of 7.8p (6.5p).

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY: Index of industrial production, manufacturing output (1980=100); engineering orders (£ billion); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unutilised vacancies (000s). All seasonally adjusted.

Table with columns: Year, Index, Output, Orders, Sales, Unemployment, Vacancies. Rows for 1987 and 1988 quarterly and monthly data.

OUTPUT: By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

Table with columns: Year, Consumer, Invest, Eng, Metal, Textiles, Housing. Rows for 1987 and 1988 quarterly and monthly data.

EXTERNAL TRADE: Index of export and import volumes (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves (£m).

Table with columns: Year, Export, Import, Visible, Oil, Terms, Reserve. Rows for 1987 and 1988 quarterly and monthly data.

FINANCIAL: Private supply M0, M1 and M2 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (and period).

Table with columns: Year, M0, M1, M2, Bank, BSB, Consumer, Building, Net Inflow. Rows for 1987 and 1988 quarterly and monthly data.

RELATIONS: Index of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); food prices (Jan 1987=100); Reuters composite index (Sept 1987=100); trade weighted value of sterling (1975=100).

Table with columns: Year, Earnings, Materials, Wholesale, Food, Reuters, Sterling. Rows for 1987 and 1988 quarterly and monthly data.

* Not seasonally adjusted. † Not necessarily adjusted, excluding bank loans.

PRICE WATERHOUSE AND THE FINANCIAL TIMES CONFERENCE ORGANISATION present CAPITAL MARKETS WORKSHOP. Includes details about the workshop and contact information.

Poor take-up on rights issues

By Philip Coggan

LUKEWARM RESPONSES to two rights issues of convertible preference shares from UK companies raises the question of whether the fashion for such issues may be about to wane.

The 580m rights issue from Tomkins, industrial conglomerate, was taken up by 60 per cent of shareholders whereas a 25m issue from KLP, sales promotion group, achieved only a 34 per cent take-up.

Convertible preference shares issues became extremely popular after October's stock market crash since they offered investors the attraction of a high yield, at a time when they

were reluctant to subscribe for ordinary shares. However, the market in such issues can be rather illiquid and there are signs that investors' appetites have been satiated.

The Tomkins issue was designed to finance the group's purchase of Murray Ohio, US-based lawnmower and bicycle manufacturer. Around 61.6 per cent of the main underwritten issue was taken up, but only 32 per cent of the small non-underwritten offering.

County NatWest, underwriters to the issue, said that the size of the take-up was creditable given the more limited

appeal of convertible issues. The shares not taken up in the underwritten offering have been placed with investors by James Capel. Tomkins' shares fell 1p to 23p yesterday.

KLP said that the response rate was "as high as could be expected" given the increases in interest rates since the issue was announced. The shares paid a dividend of 6.75 per cent at the issue price.

KLP's issue, which was designed to finance two acquisitions in the US, came just a year after a £8.1m one-for-three issue in 1987. KLP's shares fell 3p to 28p yesterday.

USH senses victory after raising offer for Varo

By Clay Harris

UNITED SCIENTIFIC Holdings, defence equipment group, yesterday appeared to be close to a breakthrough in its five-month-old bid for York-based Optic Electronic, a defence electronics company to £86.6m (£57.2m).

Varo, based near Dallas, said it was prepared to consider USH's new £22 per share offer, which replaced a \$17.50 bid which had been on the table since February. On the New

York Stock Exchange, Varo's shares were 33% higher at \$22 in early afternoon trading.

USH already owns 9.9 per cent of Varo, which manufactures night-vision equipment. The two companies have not held any official discussions since USH launched its bid.

The UK company hopes to combine Varo with its Texas-based Optic Electronic subsidiary, which makes similar products.

Ericsson wins only small proportion of BT orders

By Hugo Dixon

ERICSSON, the Swedish telecommunications company, impression of how well his received a tiny allocation of British Telecom's latest batch of orders for digital telephones. This is the second consecutive time that Ericsson has won an insignificant proportion of orders.

Of the total £80m order for 720,000 lines, Ericsson has been chosen to supply only 45,000 with its System X exchanges. GEC Plessey Telecommunications, the UK company, will be supplying the remainder with its System X exchanges.

However, Mr Ron Ely, corporate affairs manager for Thorn Ericsson, the Swedish company's UK subsidiary, said

these figures gave a misleading impression of how well his company was doing.

Most of the recent batch of orders were not open to competitive tender, he said, but had been awarded to GPT on the basis of a long-term contract negotiated with BT earlier this year. Ericsson had won 20 per cent of the orders that were open to competitive tender.

Mr Ely said the company was still on target to achieve a 30-35 per cent share of the UK digital exchange market and that its factory, which can produce 750,000 lines a year, was working at full stretch.

BOARD MEETINGS

The following companies have notified their shareholders of board meetings to the Stock Exchange. Both meetings are usually held for the purpose of considering dividends. Official notices are not available as to whether the dividends shown below are based mainly on last year's transactions.

Table with columns: Company, Date, Dividend, P/E Ratio. Lists meetings for various companies like Anglo-Norfolk, British Paper, etc.

Recovery at Beacon

Shares in Beacon Group rose 15p to 53p as the group revealed a sharp turnaround into profits and a return to the interim dividend list with a 4p payment. Turnover in the half year rose to £19.35m (£17.25m), while pre-tax profits of £402,000 compared with a loss of £484,000 last time. Earnings worked through at 4.06p (3.5p losses).

Gnome Photo up

Gnome Photographic Products, Cardiff-based manufacturer of overhead projectors, reported pre-tax profits of £487,275 for the year to May 31 1988, up 4 per cent from £469,832 last time.

The group, which fell to new owners in May, increased turnover 11 per cent from £2.5m to £2.75m. Tax took £151,064 (£160,619) and a final dividend of 9p, same from earnings per share of 12.28p (12.3p).

The board said the current year had started satisfactorily, and it looked forward to the future with confidence.

It also intends to capitalise a proportion of reserves and proposes a share split, which in conjunction with a bonus issue will result in current 10p share holders receiving six new 5p shares for each share. It is also intended to change the company's name to Noble Earedon.

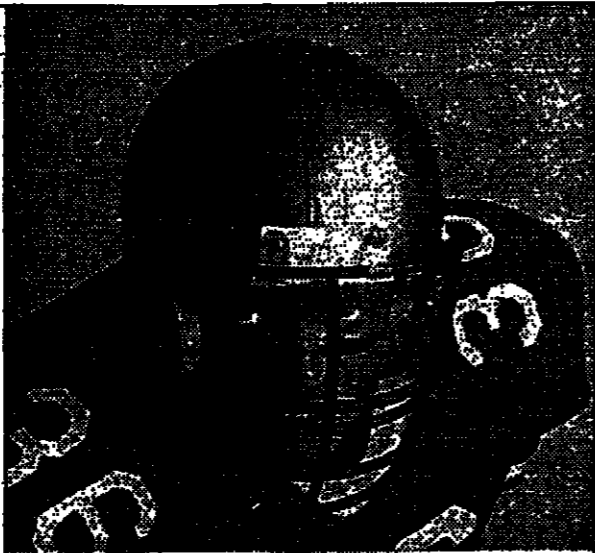
An intelligence network for 1992. JOHN LAWTON FINANCIAL COMMUNICATIONS. 16 Hatton Garden, London EC1N 8AT. Tel: 01-404 4812 Fax 01-831 9186 Telex: 896462

AAF Investment Corporation plc has sold its shareholding in HUNTS LIMITED, comprising its entire South African assets, to W&A INVESTMENT CORPORATION LIMITED for a cash consideration of £16.2 million as part of a reorganisation and refocusing of the Company's interests.

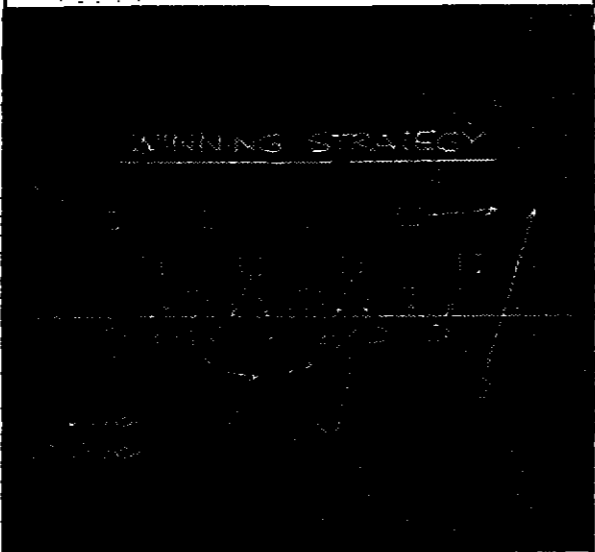
ARBUTHNOT LATHAM BANK LIMITED. Merchant Bankers. 181 Finsbury Pavement, London EC2A 1AY. 01-628 9876. A member of the International NZI Bank group.

Notice to the holders of the outstanding £59,000,000 4% per cent. Convertible Bonds due 2003 ("the Bonds") of Ranks Hovis McDougall PLC ("RHM"). (Convertible into ordinary shares of 25p each in RHM). As required by clause 6(f) of the Trust Deed dated 18th December, 1987 constituting the Bonds and in accordance with the terms and conditions of the Bonds, RHM hereby gives notice to holders of the Bonds that on 8th August, 1988 Goodman Fielder (U.K.) PLC, a wholly owned subsidiary of Goodman Fielder Wattle Limited (a company incorporated in New South Wales, Australia), made an offer to acquire the whole of the issued ordinary share capital of RHM not already owned by Goodman Fielder Wattle Limited or its wholly owned subsidiaries (including, inter alia, any RHM ordinary shares unconditionally allotted and issued, while the offer remains open for acceptance, upon conversion of the Bonds) at a price of 465p cash per ordinary share. As an alternative, approximately 20% of the total value of the offer will be available to accepting RHM ordinary shareholders in the form of Convertible Loan Stock of Goodman Fielder (U.K.) PLC guaranteed by, and exchangeable for ordinary shares in, Goodman Fielder Wattle Limited.

GRANVILLE SPONSORED SECURITIES. Table listing various securities with columns for High/Low, Company, Price, Change, Div, Yield, P/E. Includes companies like Anglo-Norfolk, British Paper, etc.



**To deliver another year
of record profits,
you need more behind
you than strength.**



You need a plan to stay ahead of the competition.

Ours is a four point strategy for growth which will take W H Smith, the retail and distribution group, into the 1990s.

Expansion and modernisation of the W H Smith High Street chain and the Do It All chain out of town.

Together these give us a broad base of retailing throughout the country.

The W H Smith chain, the market leader in book, greeting card, stationery and magazine retailing, now operates from 447 shops. With an extra 86,000 sq. feet of floor space and a total of 41 stores now fitted out in the new design, we have an even firmer footing in the high street.

Out of town our D.I.Y. chain Do It All has put up an equally impressive performance. Sales went up by 33.4% and trading profits by 18.5% despite the cost of opening 25 stores and re-fitting 6 others. The total stands at 105 Do It All stores now up and running.

Development of our specialist retailing chains in Britain and North America.

These enable us to cater for all possible tastes in the markets in which we operate.

This year Our Price Music has increased turnover to almost £100m, that's 29% above last year's achievement. Our post balance sheet acquisition of 74 Virgin shops brings the score to over 270 stores and gives us around 22.5% of the recorded music market.

Reinforcing its position as the UK's leading specialist bookselling chain,

Sherratt and Hughes opened three stores during the year making a total of 42.

Paperchase, our stationery chain, went on the offensive, opening 6 shops in Britain and 12 in Canada. Our improved performance in Canada sent trading profits soaring by 59% in dollar terms.

Overall, 79 stores were opened or acquired in North America, including 32 in Hawaii, one of the world's fastest growing resort areas.

But we're also meeting the needs of holiday makers at home. This year in the UK, W H Smith Travel's 197 outlets sold 500,000 package holidays.

Exploiting the opportunities in a changing environment for distribution in Britain and the U.S.

In a year in which the distribution of newspapers and magazines underwent fundamental change, W H Smith Wholesale secured more business in the magazine and Sunday newspaper markets.

We also gained a significant share of the commercial stationery market by acquiring the Pentagon Group and only last week, the Satex Group.

Development of programming and services for Cable and Satellite TV in Europe.

We believe this to be a business with significant growth potential and expect it to come into profit by the 1990s. We are already a major force across Europe in these media, transmitting an annual equivalent of 6,500 hours of television. Our satellite channels are distributed in 10 countries. Screensport, the sole sports channel in Europe, adding three more countries during the year.

With our four point strategy behind us, we're proving that we are a formidable force in the leisure market.

And just as important, we've produced yet another year of winning results.

	June-May 87-88	June-May 86-87
	£ million	£ million
Sales	1,661.9	1,460.0
Pre-Tax Profit	70.6	63.8
Net Dividend	9.0p	7.8p
Earnings Per Share	24.07p	21.16p

For a copy of W H Smith's Annual Report and Accounts write to Public Relations Department, W H Smith Group PLC, Strand House, 7 Holbein Place, London SW1 8NR.

W H SMITH

BEST SELLERS

THE CONTENTS OF THIS STATEMENT, HAVE BEEN APPROVED FOR THE PURPOSE OF SECTION 57 OF THE FINANCIAL SERVICES ACT 1986 BY TOUCHE ROSS & CO. AS AN AUTHORISED PERSON.

UK COMPANY NEWS

Five Oaks doubles size after property purchase and rights

By Paul Cheswright, Property Correspondent

FIVE OAKS Investments, property company, is doubling its size through the purchase of a £26m property portfolio and a one-for-one rights issue.

central London, is named as Donington Investments. Payment for the portfolio will be in cash and shares.

just over 7 per cent, but this should increase as rent reviews come through. These reviews will reflect the trend of higher rents spreading out from central London.

Overheads contain Frank Usher

FRANK USHER Holdings, a USM-quoted fashion house, returned profits of £1.88m pre-tax for the 16 months ended May 31 from a turnover of £18.03m.

The figures compare with £1.54m and £10.24m respectively for the 12 months to January 31 1987. At the gross level profits of £7.05m (£4.33m for period) were subject to distribution costs of £97,000 (£608,000) and administration expenses of £4.01m (£1.97m).

An exceptional provision of £25,000 related to additional rent, rates and other overheads incurred as a result of moving all London operations other than the West End showrooms and design rooms to new headquarters.

Earnings for the period under review amounted to 17.5p (14.7p) and a final dividend of 4p makes the forecast total of 8p (5.6p).

The company, which gleans just under half of its turnover from overseas, said orders for its Autumn collections had improved on all previous records.

F & C Enterprise

Net asset value of F & C Enterprise Trust stood at 38.1p per share at the end of June, slightly up on the 37.4p which prevailed a year earlier.

Total revenue in the six months to June 30 amounted to £312,000 (£227,000), but after higher interest charges of £175,000 (£81,000), the pre-tax loss increased to £157,000 against £102,000 last time. The loss per 10p share was 0.14p (0.16p).

The directors said that revenue received during the period under review was not indicative of the total likely for the full year, and they expected to be able to maintain the annual dividend.

BUSINESS LAW

Prompt disclosure can pre-empt insider trading

By A.H. Hermann, Legal Correspondent

Whenever I hear an English judge telling the jury that they must keep a certain piece of information out of their minds - because it is inadmissible evidence - I am reminded of the ancient prescription for turning lead into gold: you put a piece of lead into boiling water and keep it boiling for five minutes and try not to think of an elephant.

The corporate equivalent of "keeping things out of your mind," invented by US financial wizards and their supervisors, is the "Chinese wall" - supposedly acting as a soundproof barrier between various departments, one of which may be advising on a merger, another dealing in shares on the institution's own account, and yet another acting as broker and agent for private or institutional investors.

When writing in this column on March 20, 1986 about the Financial Services Bill (as it then was), I said "... there is the underlying idea that conflicts of interests - between the agent and his principal, and between several clients of one agent - can be somehow prevented by the erection of Chinese walls, separating the dealing, advising, and investment organising departments in a multipurpose financial institution.

I must give my computer credit for seeing so far ahead, but it obviously did not see everything. For example, it did not take into account that people in the higher reaches of management will be able to peep over the "wall" and that instructions not to deal in a certain security may be misunderstood or ambiguous - in the same way that there are many different meanings which can be given to an individual word, depending on the way it is said.

The enormously complicated provisions of the Financial Services Act make it necessary for banks and other traders in security markets to hire or train special "compliance officers". Like tax advisers, the compliance experts will try to find loopholes in the rules, and even if the supervisors apply the rules according to the spirit of the legislation, they will still try to secure an alibi for their erring employers.

Many wise people express doubt as to whether the insider trading legislation can be enforced or, if it can, whether it can be enforced across the board and not just by picking up a few cases as a deterrent. If, as a working hypothesis, we accept that they are right, what else can be done? The most radical solution, of course,

would be to roll back Big Bang and to dismantle the multi-functional institutions, making independent the various departments now believed to be separated by Chinese walls.

This is unlikely to happen and there is, of course, always the possibility of resigning oneself to the fact that the securities market, whether operating through a stock exchange or outside it, is a casino where the dice are loaded and the roulette ball has a magnetic core.

Such an attitude has been adopted in Germany, which has no effective legislation against insider dealing. German universal banks operate as moneylenders, marketmakers, brokers and financial advisers and are rulers of their own industrial empire. Statutes enable them to mix security and investment business in their

professional specialised in the relevant sector, to draw conclusions.

One cannot, of course, require the modern robber knights to inform the Financial Times as soon as the idea for a new conquest is born. However, it is possible to quest a statutory assumption that they had intended the conquest from the time they or their associates started to buy shares, even if the disclosure threshold was reached much later. This assumption can be linked with the obligation to pay up to the sellers the difference between the initial price and the final price including the takeover premium.

This could be combined with a statutory obligation, under criminal sanctions, for all brokers, merchant bankers, lawyers, accountants, other helpers and advisers, to inform the press immediately they provide advice on operations likely to influence the market price of the securities concerned. I can almost hear the outraged protests from the worshippers of confidentiality which such a blasphemous proposal would provoke. But there is a need to be clear about the objective and the price to be paid for it: there are no free lunches and if we wish to eliminate the abuse of secrets the best way is to have no secrets.

There are no free lunches. If we wish to eliminate the abuse of secrets, the best way is to have no secrets

accounts to give the greatest tax advantage and at the same time to keep outsiders in the dark as to what they are doing. There is a statutory assumption that a holding of more than 25 per cent of equity in a non-bank is a "participation" and not just part of a transient portfolio, but until last year when the Federal Supreme Court (in BGH II ZR 119/86) stepped in, the banks could defeat this statutory assumption by simply declaring that they do not intend to hold the shares as a permanent asset - which has enabled them to hold over 50 per cent of equity interest for decades without disclosing it.

German banks are not required to have Chinese walls, and their supervisors recognise and respect that their ability to utilise information gained under the many hats they are wearing is a source of strength. In its turn, this strength prevents the legislators moving in to protect the small investor.

Those unwilling to resign themselves to such a state of affairs and disappointed by the feeble effect of insider trading legislation should think about the possibility of avoiding the abuse of inside information, not by making it a criminal offence, but by eliminating or drastically reducing it by means of immediate publicity.

The present rules requiring the disclosure of share dealings by shareholders controlling a certain percentage of the equity - now down to 1 per cent in the UK - do not get enough publicity to eliminate insider dealing. They reach the public, particularly the small investor, much too late and in a form which makes it impossible for the outsider, unless he is a

Obligatory publicity forced from companies and their advisers would take care of insider trading based on advanced information about takeovers and other acquisitions. In addition, legislation in the US, UK and Japan catches other price-sensitive information. The insider dealing offence added last month to the Swiss Penal Code does not go so far. It threatens the usual range of "insiders" with prison sentences of up to three years and with unlimited fines if the crime was motivated by greed, but it is concerned only with information about imminent new issues, mergers, takeover bids and "other projects of equal significance". Knowledge that the next accounts will show loss of profit is not covered.

Statistically speaking, a quiet and steady abuse of price sensitive information may be more important than the more spectacular gains which to be obtained from advance knowledge about a takeover bid. Various measures have been adopted to prevent it - for example, prohibiting directors and other officers of the company from trading in company shares during a certain period preceding the publication of its results, but it is uncertain how effective such measures are in practice.

Here the elimination or reduction of secrets would be the most effective weapon. It could be achieved by obliging companies to publicise trading figures more frequently and to publish immediately details of any important deals or events likely to affect trading results.

If we applaud glasnost in politics, why not in business? The public limited companies could be made truly public.

C. Baynes returns to the black

THE TRANSFORMED Charles Baynes group made a pre-tax profit of £563,000 in the first half of 1988, in line with expectations and reflecting the progress made in moving from textile rental and property services to a specialist industrial group.

Dr Bruce McInnes, chairman, said that, with the better half of the trading year to come, the outlook was encouraging, and he expected to pay a dividend for 1988. "I feel confident that the foundations have now been laid for continued strong growth," he stated.

The balance sheet remained strong with net liquid resources of £1m. A further £1m in cash was expected to be generated from operations by the year-end.

In June the High Court confirmed the application of share

premium account against the deficit on revenue reserves, and the remaining deficit had been eliminated by retained profits for the half-year.

The profit was the first for three years. It compared with a loss of £893,000 in the six months ended March 31 1987, which increased to £1.24m for the 15 months to the end of 1987.

J.N. Nichols just ahead midway

J.N. NICHOLS (Vimto), maker of fruit compounds and cordials, is looking for 1988 to show an improvement over the previous year, when pre-tax profits reached £5.96m.

In the first half, turnover rose from £14.18m to £17.86m and pre-tax profit moved up to £2.57m (£2.3m) reflecting a cut in margins brought about

by increased advertising expenditure. There was a drop from £704,000 to £492,000 in profits from other activities, as a result of lower interest rates, reduced opportunities to take profits on equity investments, and a greater commitment of funds to acquisitions and development of the business.

Earnings worked through at 10.5p (10.4p) and the interim dividend is raised to 3.5p (3.15p).

Cabana had appointed a new distributor for the Lake District and acquired a company in Blackpool. Independent Vending Supplies had purchased two small businesses serving the catering and confectionery markets.

Fife Indmar improvement

Fife Indmar, light and general engineering group, has shown a marked improvement in profitability in the current year.

For the first half profit before tax came to £156,000, against £45,000 in the preceding six months and £172,000 in the comparable period of 1987.

The directors said the products and ironmongery divisions performed well.

An unchanged interim dividend of 0.75p is declared from earnings of 1.72p (1.5p).

MMEC jumps to £1.76m

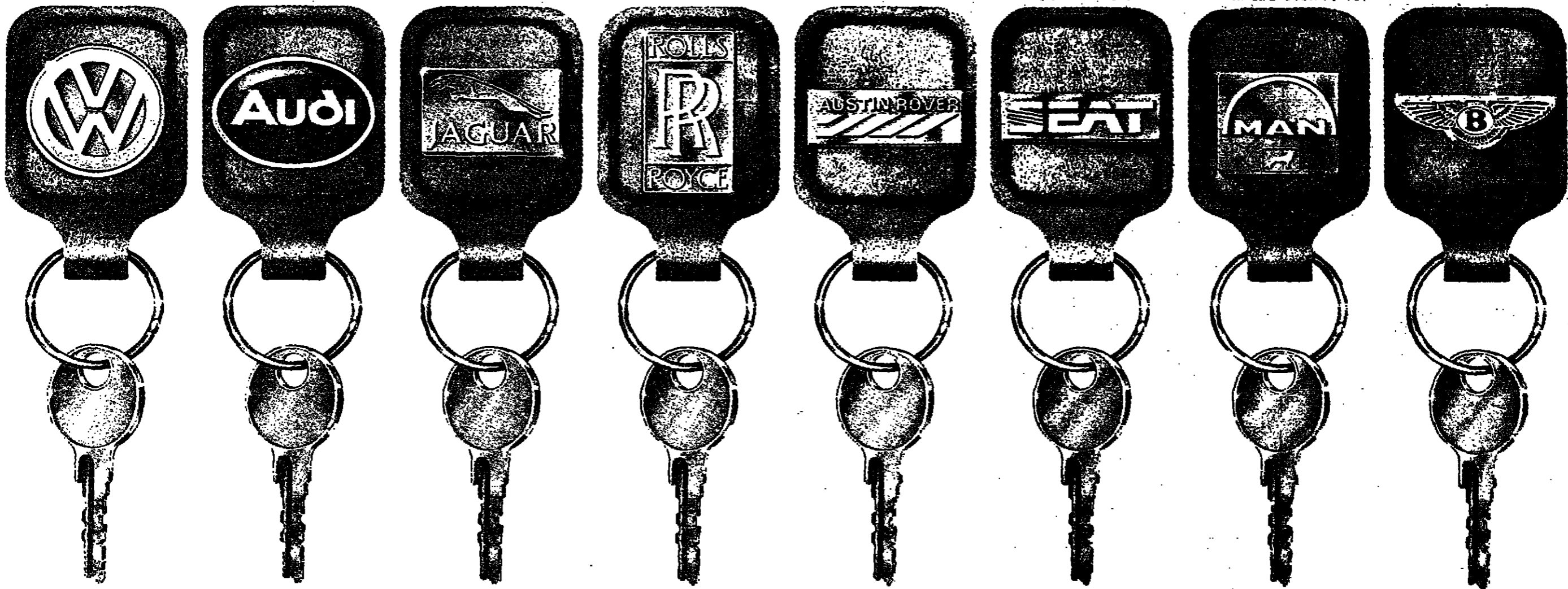
MERCHANT MANUFACTORY Estate Company (MMEC), the property investment and development group headed by Mr Paul de Savary, reported pre-tax profits of £1.76m in the six months to June 30 1988, more than four times greater than the £376,000 for the same period last year.

Turnover rose from £1.76m to £7.6m and after tax of £469,000 (£140,000) earnings per share worked through at 6.1p (2.2p).

The directors are declaring a 1p interim dividend. These are the first results the company has filed since it came to the USM in April of this year.

The offer of 11m shares, 40 per cent of the enlarged equity, at 59p each was substantially undersubscribed with just 3.77m shares (34.2 per cent) being taken up.

This left the balance of 7.23m in the hands of the underwriter, Chase Investment Bank.



Over 33,000 vehicles will be sold in August alone

LONRHO

The UK's largest distributor of cars and commercial vehicles

Lonrho Plc, Cheapside House, 138 Cheapside, London EC2V 6BL

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar surges up again

INTERVENTION BY THE US Federal Reserve and the West German Bundesbank failed to stem strong demand for the dollar on the foreign exchanges yesterday.

The dollar continued the trend seen late in New York on Tuesday, where heavy short covering led to a rally, accompanied by a recovery in bond and share prices.

Japanese investors were said to regard the dollar's dip on the trade news as an attractive opportunity to buy the currency.

Some dealers were surprised to find the dollar's upward trend still intact, after the disappointing trade data for June, and suggested the currency is unlikely to have much more upward potential.

In less than 24 hours the dollar rose from little more than DM1.87, to approach the 19-month high of DM1.9220 touched last week.

The dollar also rose to ¥134.05 from ¥132.85, and to SF1.6090 from SF1.5705, and to FF8.4725 from FF8.9400.

According to the Bank of England, the dollar's exchange rate index rose to 100.3 from 98.8.

Co-ordinated intervention by the US and West German central banks was described by dealers as high profile, but on a modest scale, intended to take the heat out of the dollar's rise, but not to alter its upward trend.

In early New York trading the Federal Reserve was reported to have sold dollars at about DM1.9025, but it was suggested in the market that the Fed's heart was not in the action, and it was merely a sign of solidarity with West Germany as part of the Group of Seven.

The Bundesbank confirmed that it sold dollars to support the D-Mark on the open market. This was also at around DM1.9025, and appeared to be the first action on the open market by the central bank since August 8.

The intervention temporarily pushed the dollar back to DM1.9000, before the currency began another upward surge.

Earlier in the day the Bundesbank sold \$33.2m in Frankfurt, when the dollar was fixed at DM1.8884, compared with DM1.8867 on Tuesday.

Sterling attracted little attention, but performed reasonably well in the face of uncertainty about the UK economic picture, and the strength of the dollar.

Traders noted the OECD warning to Britain about growth and inflation, but said that expectations of another rise in UK bank base rates were maintaining market confidence in sterling.

The pound fell 2.90 cents to \$1.6800, and to ¥236.50 from ¥238.25, but rose to DM3.2025 from DM3.2175, to SF2.7100 from SF2.7000, and to FF10.8975 from FF10.8975.

On Bank of England figures, the pound's index fell 0.3 to 76.8, but finished unchanged from its opening level.

FINANCIAL FUTURES

A little optimism threatens

STERLING BASED interest rate contracts traded in a very narrow range on Life yesterday.

The best chance of improvement in sentiment was seen in the short sterling contract, which closed just above the day's low in a very subdued market.

Traders said had UK money supply and bank lending figures are already built into the price structure.

Today's bank and building society lending figure (M4) for July is expected to be around \$5bn, and perhaps \$5.5bn, rising from the June record of \$8.6bn. The greatest potential may therefore be for improvement in prices, if the bank lending figure is better than feared.

It has been suggested that corporate borrowing was particularly heavy in June and that this may have tailed off in July, helping to relieve the pressure from increased mortgage borrowing.

Glits showed virtually no movement, also finishing just above the day's low, as dealers awaited the monetary data.

Estimated volume total, Call 134 Pat 312. Previous day's open, Call 130 Pat 310.

Estimated volume total, Call 80 Pat 628. Previous day's open, Call 80 Pat 628.

Estimated volume total, Call 180 Pat 134. Previous day's open, Call 180 Pat 134.

Estimated volume total, Call 50 Pat 270. Previous day's open, Call 50 Pat 270.

Estimated volume total, Call 100 Pat 130. Previous day's open, Call 100 Pat 130.

Estimated volume total, Call 200 Pat 130. Previous day's open, Call 200 Pat 130.

Estimated volume total, Call 300 Pat 130. Previous day's open, Call 300 Pat 130.

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Estimated volume total, Call 3500 Pat 130. Previous day's open, Call 3500 Pat 130.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, and Stock. Includes data for various European options series.

TOTAL VOLUME IN CONTRACTS: 35,739. A=Ask B=Bid C=Call P=Put.

BASE LENDING RATES

Table listing base lending rates for various banks and currencies, including City Merchants Bank, NatWest, etc.

STERLING INDEX

Table showing Sterling Index values for different periods and currencies.

CURRENCY RATES

Table showing currency rates for various countries like US Dollar, Swiss Franc, etc.

CURRENCY MOVEMENTS

Table showing currency movements and percentage changes for various currencies.

OTHER CURRENCIES

Table showing rates for other currencies like Argentine, Brazil, etc.

POUND SPOT-FORWARD AGAINST THE POUND

Table showing pound spot and forward rates against the pound.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table showing dollar spot and forward rates against the dollar.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various banks and currencies.

EXCHANGE CROSS RATES

Table showing exchange cross rates between various currencies.

LONDON CLIFF

Table showing London Cliff data for various currencies.

CHICAGO

Table showing Chicago data for various currencies.

U.S. TREASURY BILLS

Table showing U.S. Treasury Bills data.

U.S. TREASURY BONDS

Table showing U.S. Treasury Bonds data.

U.S. TREASURY NOTES

Table showing U.S. Treasury Notes data.

U.S. TREASURY DEBENTURES

Table showing U.S. Treasury Debentures data.

U.S. TREASURY SHORT-TERM

Table showing U.S. Treasury Short-term data.

U.S. TREASURY LONG-TERM

Table showing U.S. Treasury Long-term data.

U.S. TREASURY ZERO-COUPON

Table showing U.S. Treasury Zero-coupon data.

MONEY MARKETS

Fears of rate rise

THERE WAS little change in London interest rates yesterday. Three-month interbank traded throughout at a steady unchanged 11 1/2 p.c., as the market settled down to wait for today's figures on UK money supply and bank lending.

Rates already discount a rise of 1/4 p.c. in UK bank base rates, but it has been suggested.

UK clearing bank base lending rate 11 per cent from August 8.

Forecasts for bank and building society lending (M4) in July range up to \$9.5bn, after a record rise of \$8.6bn in June. This may prove the catalyst for higher rates, but the authorities will wish to avoid another surge in the value of sterling against the D-Mark.

The Bank of England initially forecast a money market surplus of \$250m, but revised this to \$100m at noon.

The authorities did not operate in the market during the morning, but in the afternoon absorbed surplus funds by selling \$100m Treasury bills, due tomorrow, at rates of 8 1/2 p.c. to 9 p.c.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained \$20m, with a rise in the money circulation unchanged \$225m. These factors were outweighed by Exchequer transactions, adding \$33m to liquidity, and bank balances above target of \$65m.

In Frankfurt credit conditions improved, with call money falling to 4 1/2 p.c. from 4.90 p.c. The West German Bundesbank injected DM4.1bn into the banking system, via a securities repurchase agreement tender, at an unchanged 4.25 p.c.

The Bundesbank accepted only 0.6 p.c. of bids, but the funds were enough to relieve pressure, as there was no explicit pact to drain money from the market.

Tax payments may tighten conditions towards the end of this week, but the market is now finding funds comfortably below the Bundesbank's Lombard emergency funding rate of 5.00 p.c.

The main worry is that US interest rates will rise, pulling the dollar higher, and renewing pressure on the Bundesbank to lift German rates.

In Paris the Bank of France announced that a Treasury bill tender will take place on Monday. The central bank will offer FF2.5bn of 18-week bills; FF2.5bn of two-year bills; and FF1.5bn of five-year bills.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

MONEY RATES

Table showing money rates for various currencies and terms.

LONDON MONEY RATES

Table showing London Money Rates for various currencies.

Interbank Offer: one-month 10 1/2 p.c.; three months 11 p.c.; six months 11 1/2 p.c.; one year 12 p.c.

Bank Bills (Call): one-month 10 1/2 p.c.; three months 10 1/2 p.c.; six months 11 p.c.; one year 11 1/2 p.c.

Bank Bills (Put): one-month 10 1/2 p.c.; three months 10 1/2 p.c.; six months 11 p.c.; one year 11 1/2 p.c.

Bank Bills (Zero): one-month 10 1/2 p.c.; three months 10 1/2 p.c.; six months 11 p.c.; one year 11 1/2 p.c.

Bank Bills (Other): one-month 10 1/2 p.c.; three months 10 1/2 p.c.; six months 11 p.c.; one year 11 1/2 p.c.



FT City Seminar. Plaisterers Hall, City of London 19, 20 & 21 September, 1988.

For information please return this advertisement, together with your business card, to: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4JW.

Commercial Aviation to the End of the Century. 30, 31 August & 1 September, 1988.

For information please return this advertisement, together with your business card, to: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4JW.

National Westminster Bank. Access Interest Rate. NOTICE TO CARDHOLDERS.

NatWest regrets the need to increase the rate of interest charged to its sterling Access cardholders from 1.75% to 1.9% per month on a daily basis (equivalent to an Annual Percentage Rate of 25.3%) with effect from 26th August 1988.

From that date, the new rate will be applied to all interest bearing balances, cash advances and to purchases attracting interest for the first time.

The first paragraph of Condition 7 of the Conditions of Use is amended accordingly. National Westminster Bank PLC, Southend-on-Sea X, SS99 9BB.

PRICE WATERHOUSE and the FINANCIAL TIMES CONFERENCE ORGANISATION present: CAPITAL MARKETS WORKSHOP. This important 3-day workshop will benefit all those responsible for managing capital market activities or providing the vital support services.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Trst Mgmt Ltd (02000H)

Table with columns for Unit Price, Net Asset Value, and other financial metrics for Abbey Unit Trst Mgmt Ltd.

Anderson Group Unit Trst Mgmt Ltd (02000F)

Table with columns for Unit Price, Net Asset Value, and other financial metrics for Anderson Group Unit Trst Mgmt Ltd.

Brown Shipley & Co Ltd (02000G)

Table with columns for Unit Price, Net Asset Value, and other financial metrics for Brown Shipley & Co Ltd.

Equitable Unit Trst Mgmt Ltd (02000H)

Table with columns for Unit Price, Net Asset Value, and other financial metrics for Equitable Unit Trst Mgmt Ltd.

London & Manchester (Unit Trst) Ltd (02000I)

Table with columns for Unit Price, Net Asset Value, and other financial metrics for London & Manchester (Unit Trst) Ltd.

North British Unit Trst Mgmt Ltd (02000J)

Table with columns for Unit Price, Net Asset Value, and other financial metrics for North British Unit Trst Mgmt Ltd.

Royal London Unit Trst Mgmt Ltd (02000K)

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I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699 Reuters code: IGIN, IGI0

JOTTER PAD

CROSSWORD

No. 6.711 Set by GRIFFIN

Crossword puzzle grid with numbers 1-30.

- ACROSS
1 Broadest 'St Martin's Conversion' (8)
5 A leading farmer, just after business (6)
9 Goes over one's head if Dr Laurel slips round (8)
10 Sensual redhead entering passage (6)
12 The Royal Society accepts Brook's novels (9)
13 A container for bread (5)
14 Permitt fool to return music centre (4)
16 Save when left in crude container (7)
19 Entangle with mobile swinging outside back door (7)
21 Station Street, behind the Post Office (4)
24 A uniform colour (5)
25 Try a half when our Dave's around (9)
27 A fair, lit up (6)
28 Inventing articles inserted when searching (6)
29 Indicate tiger entering father's garden (6)
30 Novel keen's weight reduced to a minimum (8)

- DOWN
1 A model Brown finds reliable (5)
2 Colour of a stream around mid-January (6)
3 Indicate tiger reversing about 45 inches (5)
4 Troubles nurse to stand in for indisposition (7)

FOURTH RATIONE D R P A M R A E I N N A T E T O R I A L T U R K I Y R E V E R T I N G I T K R W E D R O D O B E Y E D P B N T D E N O T A I N T A U D I N S D E T A I N P A U L O B S O U R N I E S E V I R I L L O W A C H A P T E R O N P I N I O R I C A E R N C G S H E A T H E D D A P H N E

Commercial Unit Trst Mgmt Ltd (02000I)

Confederation Funds Mgmt Ltd (02000J)

Consistent Unit Trst Mgmt Ltd (02000K)

Coronial Unit Trst Mgmt Ltd (02000L)

Crown Unit Trst Services Ltd (02000M)

Crossword Unit Trst Mgmt Ltd (02000N)

Dimensional Trst Mgmt Ltd (02000O)

Discretionary Unit Fund Mgmt (02000P)

Drummond Fund Mgmt Ltd (02000Q)

Dynamic Unit Trst Mgmt Ltd (02000R)

Equity Unit Trst Mgmt Ltd (02000S)

Equity Unit Trst Mgmt Ltd (02000T)

Equity Unit Trst Mgmt Ltd (02000U)

Equity Unit Trst Mgmt Ltd (02000V)

Equity Unit Trst Mgmt Ltd (02000W)

Equity Unit Trst Mgmt Ltd (02000X)

Equity Unit Trst Mgmt Ltd (02000Y)

Equity Unit Trst Mgmt Ltd (02000Z)

Equity Unit Trst Mgmt Ltd (02000AA)

Equity Unit Trst Mgmt Ltd (02000AB)

Equity Unit Trst Mgmt Ltd (02000AC)

Equity Unit Trst Mgmt Ltd (02000AD)

Equity Unit Trst Mgmt Ltd (02000AE)

Equity Unit Trst Mgmt Ltd (02000AF)

Equity Unit Trst Mgmt Ltd (02000AG)

Equity Unit Trst Mgmt Ltd (02000AH)

Equity Unit Trst Mgmt Ltd (02000AI)

Equity Unit Trst Mgmt Ltd (02000AJ)

Equity Unit Trst Mgmt Ltd (02000AK)

Equity Unit Trst Mgmt Ltd (02000AL)

Equity Unit Trst Mgmt Ltd (02000AM)

Equity Unit Trst Mgmt Ltd (02000AN)

Equity Unit Trst Mgmt Ltd (02000AO)

Equity Unit Trst Mgmt Ltd (02000AP)

Equity Unit Trst Mgmt Ltd (02000AQ)

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information Service is being expanded to improve the service to readers and to conform with new legislation.

These represent the marketing, administrative and other costs which have to be met by the investor. These charges are included in the price when the customer buys units.

The price at which units may be bought. The price at which units may be sold. The maximum spread between the offer and bid prices is determined by a formula laid down by the government.

The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set (unless another time is indicated by the symbol alongside the individual unit trust name).

The letter 'D' denotes that prices are set on a daily basis. This means that, unless there has been an intervening portfolio realisation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

The letter 'F' denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes are contained in the last column of the FT Unit Trust Information page.

Table with columns for Unit Price, Net Asset Value, and other financial metrics for various unit trusts.

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Abbey Unit Trst Mgmt Ltd (02000H)

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FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, including columns for Name, Type, and other financial metrics. Includes sub-sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

Detailed table listing insurance-related unit trusts and their financial details, organized under the 'INSURANCES' sub-section.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts, including their names and basic financial information.

FT UNIT TRUST INFORMATION SERVICE

Main table containing FT Unit Trust Information Service data, including columns for company names, unit prices, and performance metrics. The table is organized into multiple columns and rows, listing various investment funds and their details.

MANAGEMENT SERVICES

Table listing management services provided by various companies, including names of firms and their contact information.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment options, including details on various international funds and their performance.

UK LISTED

Table listing UK-listed investment options, including details on various domestic funds and their performance.

OFFSHORE INSURANCES

Table listing offshore insurance services, including details on various insurance policies and their providers.

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

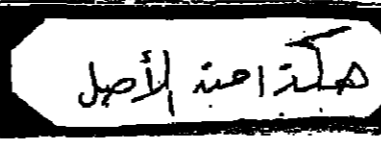


Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, NAV, and % Change.

Table of London Share Service, categorized into British Funds, Foreign Bonds & Rails, and Americans, with columns for Name, Price, and Yield.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds, listing various international unit trusts with columns for Name, NAV, and % Change.

Table of Money Market Trust Funds, listing various money market funds with columns for Name, NAV, and % Change.

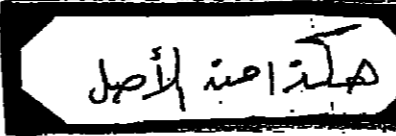
Table of Money Market Bank Accounts, listing various bank accounts with columns for Name, Rate, and Features.

Price are in pence unless otherwise indicated and those quoted in US dollars refer to US dollars. Values shown in US dollars are based on the latest available information.

LONDON SHARE SERVICE

Main table containing various stock market listings including AMERICANS, CANADIANS, BUILDING, TIMBER, ROADS, ELECTRICALS, ENGINEERING, INDUSTRIALS (Misc.), and INSURANCES. Each section lists company names, share prices, and other financial data.

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LONDON SHARE SERVICE

LEISURE - Contd. Table listing various leisure companies and their share prices.

PAPER, PRINTING, ADVERTISING - Contd. Table listing companies in the paper, printing, and advertising sectors.

TEXTILES - Contd. Table listing textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land-related companies.

OIL AND GAS - Contd. Table listing oil and gas companies.

MINES - Contd. Table listing mining companies.

MOTORS, AIRCRAFT TRADES Table listing motor and aircraft trade companies.

PROPERTY Table listing property-related companies.

TOBACCO Table listing tobacco companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

OVERSEAS TRADERS Table listing overseas trading companies.

MISCELLANEOUS Table listing various miscellaneous companies.

COMMERCIAL VEHICLES Table listing commercial vehicle companies.

COMPONENTS Table listing component companies.

FINANCE, LAND, ETC Table listing finance, land, and other companies.

PLANTATIONS Table listing plantation companies.

MINES Table listing mining companies.

THIRD MARKET Table listing third market companies.

NEWSPAPERS, PUBLISHERS Table listing newspaper and publishing companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

PLANTATIONS Table listing plantation companies.

MINES Table listing mining companies.

THIRD MARKET Table listing third market companies.

PAPER, PRINTING, ADVERTISING Table listing paper, printing, and advertising companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

PLANTATIONS Table listing plantation companies.

MINES Table listing mining companies.

THIRD MARKET Table listing third market companies.

SHIPPING Table listing shipping companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

PLANTATIONS Table listing plantation companies.

MINES Table listing mining companies.

THIRD MARKET Table listing third market companies.

SHOES AND LEATHER Table listing shoes and leather companies.

PROPERTY Table listing property-related companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

PLANTATIONS Table listing plantation companies.

MINES Table listing mining companies.

THIRD MARKET Table listing third market companies.

NOTES: Stock Exchange dealing classifications are indicated to the right of the company names. A full list of companies is available in the London Stock Exchange Report Page.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Wednesday August 17 1988, Index No., Day's Change, Est. Earnings Yield, Gross Div. Yield, Est. P/E Ratio, and Index No. Lists various sectors like CAPITAL GOODS, BUILDING MATERIALS, etc.

Table with columns: FIXED INTEREST, PRICE INDICES, and AVERAGE GROSS REDEMPTION YIELDS. Lists yields for British Government, 5 years, 10 years, etc.

Opening index 1827.1; 10 am 1822.9; 11 am 1823.8; Noon 1828.2; 1 pm 1828.0; 2 pm 1827.5; 3 pm 1827.7; 3.30 pm 1828.2; 4 pm 1831.9

RISES AND FALLS YESTERDAY

Table showing Rises and Falls for British Funds, Corporations, Industrials, Financial and Properties, etc.

LONDON RECENT ISSUES

Table with columns: EQUITIES, Issue, Amount, Last Price, and Stock. Lists recent issues like British Telecom, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Last Price, and Stock. Lists fixed interest stocks like British Telecom, etc.

RIGHTS OFFERS

Table with columns: Issue, Amount, Last Price, and Stock. Lists rights offers for various companies.

TRADITIONAL OPTIONS

First Dealings Aug 8, Last Dealings Aug 10, Last Declarations Nov 10, For settlement Nov 21. London Share Service Money was given for the call of Blacks Leisure, C. Raynes, Porter

LONDON TRADED OPTIONS

Large table with columns: CALLS, PUTS, Option, and various dates. Lists traded options for various companies and indices.

† Flat, rise, High and low record, base dates, values and constituent changes are published in Saturday Issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4A 3DF, price 15p, post 32p.



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LONDON STOCK EXCHANGE

UK lending data awaited nervously

UK SECURITIES markets, having so far survived this week's barrage of economic data without too much harm, turned their anxieties yesterday towards the UK money supply statistics for July. This morning's disclosure of the money data, and in particular the details of bank lending, is likely to influence the near-term outlook for domestic interest rates, the prime cause of recent investment uncertainty.

Account Dealing Dates table with columns for First Dealing, Open Dealing, Last Dealing, and Account Date.

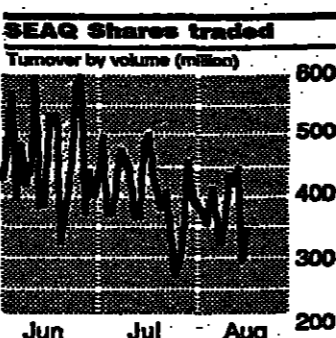
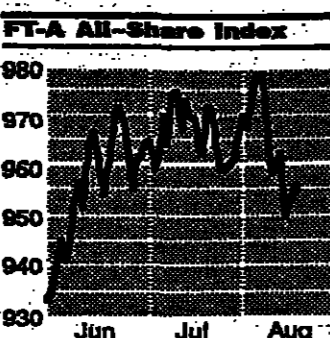
firmness in London money market rates. However, a slight easing in starting was taken as a good omen for interest rates and share prices tried to extend their recovery behind Wall Street's overnight improvement. But the rally again lacked conviction and, with US markets making a slow start to the new session, London stock closed below their best levels.

absence of the rights issue from the Standard Chartered Interim report, although the board repeated its intention of making a rights call when it considers the timing appropriate. Also encouraging for international blue chips was the news that Farmers Group, the US insurer, has agreed to discuss the terms of the £30m offer from BAT Industries, providing the first indication that the bid may succeed.

Government bonds looked dull throughout the session, although the sector was not disturbed by the latest report on the UK economy from the Organisation for Economic Co-operation and Development (OECD), which warned that the UK economy is growing at an unsustainable rate.

Renewed support for BAT

The first sign of a breakthrough in BAT Industries' bitter struggle to acquire Farmers Group of the US was greeted warmly by the City. Shares of the UK tobacco and insurance major quickly broke out of the restricted trading range imposed by the seven-month deadlock, enjoying an expansion in investment activity and closing 7 higher at 43p.



of nearly 25 per share, a prospective p/e multiple of 8.5 - which should be closer to 10.0 - and a potential dividend yield of 7.4 per cent.

it already holds all the equity, remains unclear. The rest of the food sector looked little more exciting than the overall stock market. Fitch Lovell gained 5 to 282p without attracting much business.

thinkers that profits may benefit this year from the £20m arising from C&W's purchase and resale of its 2.8 per cent stake in Racal Electronics. On these assumptions, the London securities firm has raised its forecast of C&W profits for this year from £46m to £46.5m, and for next year to £56.5m.

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Life assurance group Sun Life raced ahead late in the day to close a net 42 firmer at 1250p, as Groups AG, one of Belgium's largest life assurance companies, revealed it had built up a 5.49 per cent stake in the UK life group. South African life group Transatlantic holds a 25.7 per cent stake in Sun Life. Sun Alliance, the composite group, has a 5.2 per cent stake.

Renewed interest in Cadbury Schweppes owed more to investment fundamentals than to the perennial rumours surrounding the 25 per cent equity stake held by General Cinema of the US. At 383p, Cadbury put on 6, although turnover looked unimpressive at 1.5m shares.

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Demand for Cable & Wireless, the telecommunications group, was seen after a UK securities house lifted its profit forecast for this year and also for 1989. At 381p, C&W shares gained 6, although turnover at 1.5m shares was relatively moderate.

The market discounted the somewhat tired rumours that General Cinema plans to sell its shares in the UK confectionery and soft drinks group, but that Cadbury's interim results are due on September 1, just inside the current three week equity trading account.

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NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for 1988, including companies like Anglo Irish, Anglo Saxon, and Anglo American.

APPOINTMENTS

its offer to acquire the company has been declared unconditional. Mr Terry Van Der Weale has been appointed marketing director of the NEWBOURNE GROUP, a division of Home & Law Publishing. He was an account manager at IPC.

APPOINTMENTS

of Associated Newspaper Holdings, has been appointed managing director of subsidiary ANGEK. He succeeds Major General Peter Hines, who is retiring but who will remain non-executive chairman of Anger and Argus Shield, and a board member of Associated Newspaper Holdings.

AMCOR AUD 100,000,000 Amcor Limited 9% Undated Subordinated Convertible Bonds. Includes Morgan Stanley International logo and list of banks: Banque Bruxelles Lambert S.A., Baring Brothers & Co., Deutsche Bank Capital Markets, Goldman Sachs International Corp., Hoare Govett Corporate Finance, Mcintosh Hamson Hoare Govett International, Merrill Lynch International & Co., N.M. Rothschild & Sons, Salomon Brothers International, S.G. Warburg Securities, J.B. Werr & Son, Yamachi International (Europe).

FINANCIAL TIMES STOCK INDICES

Table showing Financial Times Stock Indices for Government Secs, Flood Interest, Ordinary, Gold Mines, and S.E. Activity Indices.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks, listing various companies and their trading volumes.

COMMODITIES AND AGRICULTURE

Miners' strike in Peru ends with indexed pay deal

By Veronica Baruffati in Lima

THE MINERS' strike in Peru, 30 days long, which cost the country \$140m in lost metal production, ended on Tuesday evening with the signing of a deal between the Government of President Alan Garcia and the National Federation of Miners.

Peru is usually the world's second-biggest producer of zinc, accounting for about 11 per cent of non-communist world supplies. Our Commodities Staff writes: Although the Peruvian news was bearish the continuing tight supply/demand situation prevented a sharp reaction on the zinc market.

Australian metals project approved

By Kenneth Gooding, Mining Correspondent

APPROVAL HAS been given for development, at a cost of A\$120m, of a copper-zinc and precious metals project at Scudell, on the Golden Grove property 370km north-east of Perth, Western Australia.

EC hormones scandal draws angry reactions

By Tim Dickson in Brussels

THE European Community's latest hormones scandal - the illegal injection of 15,000 calves, mainly in the West German state of North Rhine Westphalia - has drawn angry reactions from both sides of the debate.

THE European Community's management committee, comprising representatives of member-states and the European Commission, will consider new bills for the EC's 770,000-tonne beef mountain at its next meeting, on Tuesday.

This follows the announcement this month of a so-called open tender for several East European countries, with a minimum quantity of 25,000 tonnes per bid.

Particular interest has been expected from the Soviet Union in view of last month's linked butter and beef deal with Moscow.

Contrary to expectations, no offers were accepted at the management committee last Thursday in Brussels. Officials say the prices submitted were too low.

US relieves Caribbean ethanol industry

By Carole James in Kingston

THE CARIBBEAN ethanol industry, which seemed condemned to an early grave by Congress, will allow Caribbean ethanol with low value added the region, duty free access to the US market, has been given a last-minute reprieve.

Provisions in the US Trade Act, recently passed by Congress, will allow Caribbean ethanol with low value added the region, duty free access to the US until the end of next year.

Two plants in the region, one in Costa Rica and the other in Jamaica, were closed this year when the US Administration ruled that the producers must obtain 60 per cent of their feedstock from within the region.

of the Caribbean's ethanol industry. The threat to the industry is removed. No one could have met the new rules and survived as there is not that amount of feedstock in the region.

Copper and zinc over-supply 'massive'

By Kenneth Gooding

A MASSIVE over-supply of copper and zinc in concentrates would occur between next year and 1991, which is expected to exceed 400 per cent this year.

With dollar strength against sterling leading extra support, the cash position on the London Metal Exchange lost only 1.25c this week's earlier 231.50 rise to close at 278c a tonne.

Peru aims to fleece vicuna black market

Barbara Durr on a project to balance commerce with conservation

THE FINEST wool on earth, it is said, belongs to the vicuna, the slender, delicate, Andean camel.

However, a long battle to preserve the endangered wild population of the species has left its softest-woolled cashmere wool unavailable except through poaching and the black market.

Commission for Care of the Vicuna, says Britain was the prime culprit. He suspects it still is.

Mr Benavides, who styles himself the Elliott Ness of conservation, has petitioned Britain for information on its alleged vicuna exports.

example of how Peru, sitting on fantastic wealth, cannot develop its own resources to benefit its people.

Given that four vicunas render only a kilogram of wool every two years, he believed the project would have to work with at least 20,000 to 30,000 vicunas.

WORLD COMMODITIES PRICES

LONDON MARKETS

Table with columns for Commodity, Price, and Change. Includes items like European consumer demand, Wheat, and various oils.

COCOA Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 880, Oct 880, etc.

COFFEE Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 880, Oct 880, etc.

SOYABEAN Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 200, Oct 200, etc.

WHEAT Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 200, Oct 200, etc.

GAS OIL Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 191.25, Oct 191.25, etc.

LONDON METAL EXCHANGE

Table with columns for Commodity, Price, and Change. Includes items like Aluminium, Copper, Lead, Zinc, and Tin.

POYATERS Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 85.0, Oct 85.0, etc.

SOYABEAN MEAL Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 200, Oct 200, etc.

WHEAT Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 200, Oct 200, etc.

SOYABEAN MEAL Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 200, Oct 200, etc.

WHEAT Closes

Table with columns for Date, Price, and High/Low. Includes items like Sep 200, Oct 200, etc.

US MARKETS

Table with columns for Commodity, Price, and Change. Includes items like Soybean, Corn, Wheat, and various oils.

NEW YORK

Table with columns for Commodity, Price, and Change. Includes items like Gold, Silver, and various currencies.

CHICAGO

Table with columns for Commodity, Price, and Change. Includes items like Soybean, Corn, and various oils.

WORLD COMMODITIES PRICES

Table with columns for Commodity, Price, and Change. Includes items like Wheat, Soybean, and various oils.

WORLD STOCK MARKETS

Table of world stock markets including sections for Australia, Canada, France, Germany, Italy, Japan, Netherlands, and Sweden. Each section lists various stock indices and their values.

CANADA

Table of Canadian stock markets including Toronto and Vancouver. Lists various stock indices and their values.

Table of Japanese stock markets including various indices like Nikkei, TOPIX, and others. Lists values and changes.

OVER-THE-COUNTER

Table of over-the-counter stock markets. Includes sections for Nasdaq national market and other OTC listings.

TOKYO - Most Active Stocks. Table listing the most active stocks in Tokyo on Wednesday 17 August 1988.

INDICES

Table of various financial indices including Dow Jones, Nikkei, and others. Shows values for different dates and indices.

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If you work in the business centres of ANTIBES, BORDEAUX, CANNES, GRENOBLE, LYON, MONACO, NICE, PARIS... 12 FREE ISSUES

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices August 17

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

Advertisement for Financial Times in France, featuring a coupon for 12 free issues and a centenary gift.

Advertisement for Financial Times in Belgium, featuring a coupon for 12 issues free.

Advertisement for Financial Times in Belgium, featuring a coupon for 12 issues free.

Advertisement for Financial Times in Belgium, featuring a coupon for 12 issues free.

AMERICA

Focus on currencies subdues Dow

Wall Street

EQUITIES and bonds moved modestly lower yesterday, reversing the rather surprising rallies on Tuesday after the release of a larger-than-expected US trade deficit in June...

as attention was focused on events in the currency markets where the dollar has been in strong demand. The Federal Reserve and the Bundesbank were seen selling dollars in New York and Frankfurt.

Varo added \$3% to \$22% after it said it would consider a \$2-a-share offer by United Scientific Holdings of Britain.

Armetek added \$1% to \$44% after the company said that it had rejected an offer worth \$40 a share from Mark IV Industries.

The Stockholm bourse kicks off two days of celebrations today to mark its 125th anniversary, an event which coincides with eight months of steadily rising share prices, making it one of Europe's more buoyant markets.



den increase in business during the First World War, as well as its immediate aftermath, but this trend was quickly reversed in the 1920s.

manoeuvres of the country's big companies have all proved a boon. The internationalisation of the world's trading markets during the 1950s has also added the level of business on smaller bourses like Stockholm.

EUROPE

Rallies aided by rise in dollar and company news

THE STRONGER dollar and healthy corporate results proved a boon for share prices in Europe yesterday, although turnover remained low, writes Our Markets Staff.

London TRADING was very dull, with the FT-SE 100 index closing modestly better, up 5.6 points at 1,538.9. Turnover was average as investors stayed on the sidelines awaiting today's bank lending and money supply figures.

resilience of Wall Street and Tokyo. The Credit Suisse all-share index rose 5.5 to 478.1, but turnover remained moderate.

NEWS OF the unexpectedly high June US trade deficit was calmly received in Tokyo yesterday, with the Nikkei index up 2.8 to 2,187.8.

Machine-tool makers, which are likely to raise their earnings projections as a result of increased orders, also saw demand. The boost to their business stems from a widespread rise in capital spending.

TURNOVER remained at low, summer holiday levels on Asia Pacific exchanges, with the US trade deficit figures causing little stir.

Roundup SINGAPORE closed marginally lower after selective profit-taking in fairly quiet trading. The Straits Times Industrial Index shed 0.61 to 1,120.7.

South Africa GOLD ISSUES slipped in quiet trading in Johannesburg yesterday, after a fall in the bullion price to less than \$480.

ASIA PACIFIC

Nikkei climbs steadily as turnover improves

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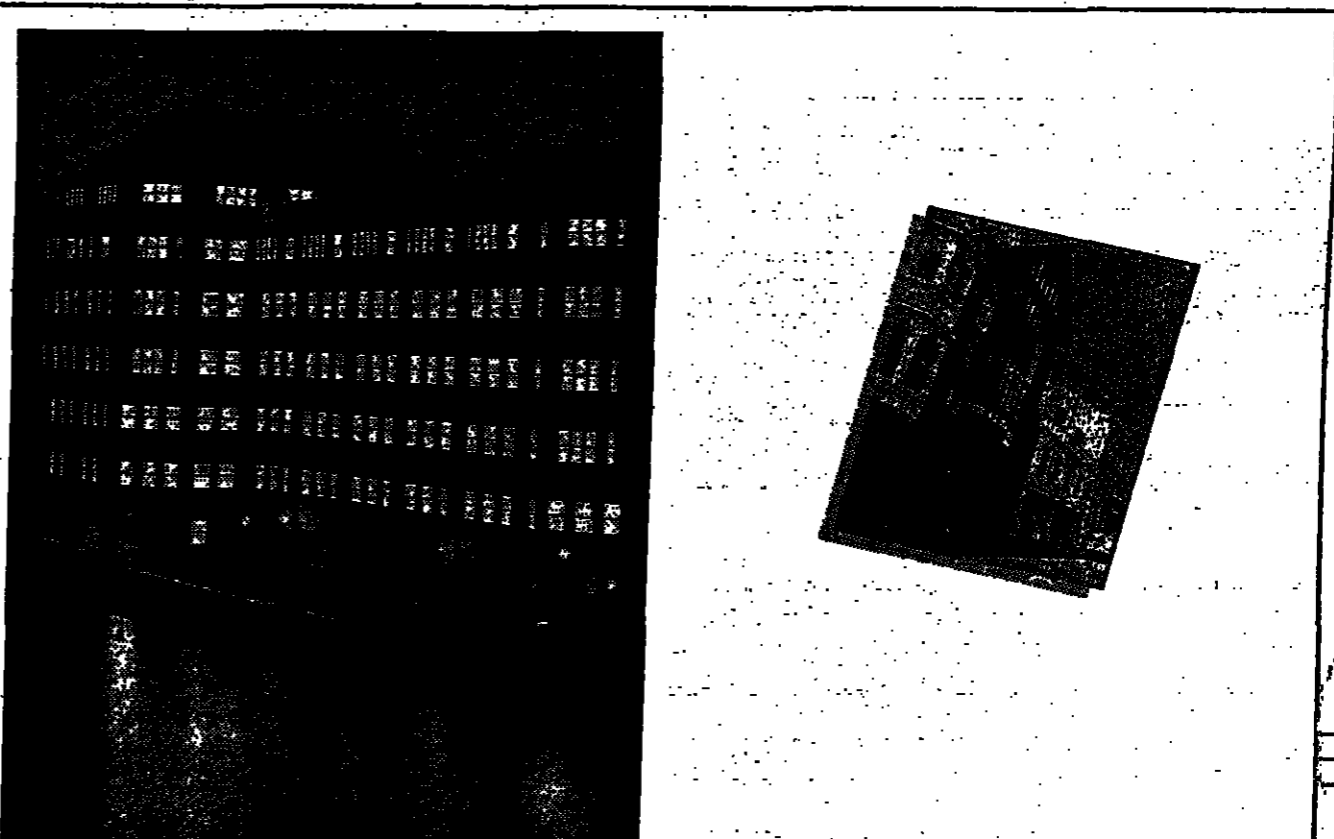
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FT-ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Tuesday August 16 1988, Monday August 15 1988, and Dollar Index. Rows list various countries and their respective stock indices and dollar values.



PRUDENTIAL HAS MORE TO INVEST IN PROPERTY AT EVERY LEVEL. Prudential's £3.7 billion portfolio includes some of the UK's most prestigious developments. Includes contact information for Prudential Portfolio Managers.

Base rates: Dec 31, 1986 = 10%; Finland: Dec 31, 1987 = 11.5; US 5 Year Index: 98.791 (Pound Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987.